CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY SEVENTH PARLIAMENT

15 ELIZABETH II

VOLUME IV, 1966

COMPRISING THE PERIOD FROM THE TWENTY NINTH DAY OF MARCH, 1966, TO THE TWENTY SEVENTH DAY OF APRIL, 1966, INCLUSIVE.

INDEX ISSUED IN A SEPARATE VOLUME

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

23033—211½

HOUSE OF COMMONS

Tuesday, March 29, 1966

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

MOTION TO GIVE PRECEDENCE TO DEBATE ON CAPITAL PUNISHMENT

Hon. G. J. McIlraith (Minister of Public Works): I should like once again, Mr. Speaker, to ask for unanimous consent to move for an order of the house that today order No. 66, under private members' notices of motion, should take precedence over both government orders and private members' orders until seven o'clock. I request unanimous consent for that motion.

Some hon. Members: Agreed.

Mr. Speaker: Is there unanimous consent? The Chair could not hear the hon. member for York-Humber.

Mr. Cowan: I object to unanimous consent being granted.

EXTERNAL AFFAIRS

INDIA—REQUEST THAT FURTHER AID BE GIVEN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to direct a question to the Secretary of State for External Affairs, Mr. Speaker, with regard to the announcement made over the week end by the President of the United States that further massive steps are going to be taken to provide economic aid to India because of the serious and constantly growing need of that country.

While there has been some increase in the amount of aid Canada has granted to India, has the government given consideration during the last few days to further assistance to meet a situation which, according to those who have been recently there, is serious? I discussed the matter with Mr. Stursberg, who has been in India for the last month or so, and he pointed out how serious the economic situation is, and how dangerous and potentially fearful is the situation brought about through the shortage of food.

Hon. Paul Martin (Secretary of State for External Affairs): I agree with the right hon. gentleman, Mr. Speaker, that the situation in India, in the terms that he mentioned, is critical. We announced earlier this year a program to a total of $25 million. Last Friday or it may have been Thursday, I forget which, I announced a further assistance program to India in the amount of some $56 million. Therefore our total food assistance program in India, involving one million tons of wheat, will amount to a contribution of some $70 million for the current calendar year.

The High Commissioner for India told me within the last hour that this represents a very substantial form of assistance which his country gratefully acknowledges, and I think my right hon. friend will appreciate from the amounts I have mentioned that this does represent a very substantial contribution to this serious situation.

Mr. Diefenbaker: Mr. Speaker, the minister mentioned that the assistance will consist, among other things, of one million tons of wheat. Will the freight on that wheat be paid by Canada? Because if it is not, the contribution will not be very helpful to India.

Mr. Martin (Essex East): Mr. Speaker, I have noted this observation, and before giving a definite commitment perhaps I might look into the matter.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question. Could I ask the Secretary of State for External Affairs whether the increased assistance to India announced last week was the result of any representations made by the government of the United States during the meetings which Canadian ministers had a short time ago with members of the United States cabinet?

Mr. Martin (Essex East): Mr. Speaker, Canada's decision to make a further grant by way of assistance to India was announced in this house by the Prime Minister the day before the Canada-United States meeting. I may say that both Canada and the United States have been urging other potential donor countries to recognize the serious situation in India.

Inquiries of the Ministry

Mr. Douglas: Mr. Speaker, may I ask a further supplementary question. The minister did not answer my question. I am wondering if the minister would say whether the press reports are correct, indicating that the Canadian government only agreed to give increased aid to India as a result of pressure from the United States government.

Mr. Martin (Essex East): Mr. Speaker, I thought I had answered that question by indicating that before the meeting with the United States authorities, the Prime Minister of Canada had announced in this house Canada's intention to make available this further assistance. I may say categorically that it was not as a result of any pressure brought on Canada but was a recognition by Canada of its responsibilities to assist that commonwealth country.

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, may I direct a supplementary question to the Secretary of State for External Affairs relative to food aid to India. As a long term solution will the government consider giving to India technical and financial assistance for population studies and control if the same is requested by the government of India?

Mr. Speaker: This seems to be a hypothetical question. It cannot be accepted.

Mr. Basford: Ten o'clock, Mr. Speaker.

FINANCE

TABLING OF AIDE MEMOIRE ON U.S. GUIDE LINES

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to table the text of our representations of January 14 to the United States government regarding the proposed S.E.C. regulations on securities traded over the counter in the United States, as they may affect Canadian companies.

Since then we have had further discussions with United States authorities on this matter. There was a thorough exchange of views on this question at the meeting of the joint Canada-United States ministerial committee earlier this month. On that occasion the United States secretaries assured us that the most careful consideration would be given to working out mutually satisfactory arrangements. In the meantime I understand that the United States authorities do not expect Canadian companies to register.

[Mr. Martin (Essex East).]

I should like to table the aide memoire, Mr. Speaker.

Mr. Speaker: Does the minister have leave to table the document to which he has just referred?

Some hon. Members: Agreed.

[*Translation*]

HEALTH AND WELFARE

QUEBEC—DEATHS ATTRIBUTED TO BEER DRINKING

On the orders of the day:

Mr. Réal Caouette (Villeneuve): I should like to direct a question to the Minister of National Health and Welfare. Would he be in a position today to tell the house whether the federal government investigators have finally discovered what beer company or brewery is responsible for the deaths of hundreds of people in the cities of Quebec and Trois-Rivières?

[*English*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the investigation is still continuing into what is alleged to be the relationship between the consumption of beer and an obscure heart disorder. At present the investigation has been unable to establish a direct relationship between the consumption of the suspected beer and the cases of heart failure which have been established. Other factors not yet identified may be involved in these cases, and under these circumstances I should not be justified in directly associating these cases with the consumption of beer, and I should certainly not be justified in naming the firm responsible for the production of the suspected beer until further investigation is completed.

[*Later:*]

[*Translation*]

Mr. Caouette: Mr. Speaker, I wish to put a supplementary question to the minister. Will he inform the house as soon as he receives a report from his investigators who are now in Quebec?

[*English*]

Mr. MacEachen: Yes, Mr. Speaker.

[*Translation*]

[*Later:*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I ask the Minister of National Health and Welfare a supplementary question? Could he tell us whether the inspectors

of his department in Quebec city have ordered that the beer sold by that company be withdrawn from the market in order to prevent the tragedy from becoming more serious?

[*English*]

Mr. MacEachen: Mr. Speaker, in the absence of any firm indication that there is this direct relationship it is an action that would not be taken by the food and drug directorate because there may be other factors not yet identified responsible for these cases.

EXTERNAL AFFAIRS

RHODESIA—SUGGESTED INEFFECTIVENESS OF SANCTIONS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs, arising out of certain reports that the Canadian contribution to the air lift into Zambia will be discontinued at the end of April because it is no longer required. The question I should like to ask the Secretary of State for External Affairs is this. If this has been an ineffective exercise, and if it is no longer required, why then do we keep it on until the end of April at a cost of $1½ million?

Hon. Paul Martin (Secretary of State for External Affairs): Because I do not think it has been as ineffective as my hon. friend suggests.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): A supplementary question in that connection. Is the minister now in a position to say whether the air lift is or is not effective? It is generally agreed that the possibility of bringing down the government of Rhodesia by economic sanctions has been postponed by at least six months.

Mr. Martin (Essex East): Mr. Speaker, I think it would be impossible to measure with precision the effectiveness of the sanctions. As the Prime Minister indicated the other day, their effectiveness has not been according to schedule. However, this does not mean that the sanctions program will not be effective. No one can speak with any certainty in matters of this sort, but it is sincerely to be hoped that the program supported by all the commonwealth countries, and by so many other countries, will be effective in bringing this illegal regime to an end.

Mr. Diefenbaker: In that connection, was it not the view of the minister on behalf of the government of Canada that the sanctions would be so effective that by April 1 the government of Rhodesia would have been brought down. Was that view not expressed?

Mr. Speaker: Order, please. The hon. member for Oxford.

Mr. Nesbitt: Mr. Speaker—

Mr. Diefenbaker: Surely I have the right to ask whether the minister has changed his mind. I ask the right to ask certain questions.

Mr. Speaker: The right hon. Leader of the Opposition asked a question in a very specific form. He said, is it not the view of the minister that such and such is so, and whether that was his view some time ago. With respect, this is certainly not a proper question.

Mr. Diefenbaker: I asked whether there had been a change in the viewpoint on the part of the government; and with great deference to you, Mr. Speaker, I do not see any reason why that question should not be allowed. Parliament was asked to give support to a plan on the basis of certain anticipations. It was on this ground that I asked my question.

Mr. Speaker: The question which the Leader of the Opposition now asks is different from the one he asked in the first instance.

Mr. Martin (Essex East): In answer to the right hon. gentleman I would say this. I do not think I said the sanctions program would become completely effective on April 1. My recollection is that I said it was hoped that by June the program would reach the kind of effectiveness which was anticipated, and that a sanctions committee had been established to examine and note the progress being made. I cannot believe the right hon. gentleman is correct in saying I said the program would definitely be effective on a particular date. If I did I was certainly in error.

Mr. W. B. Nesbitt (Oxford): Is the government planning any additional economic or perhaps military measures at the present time?

Mr. Martin (Essex East): The government is not planning any military measures whatsoever. I clearly indicated our position with regard to the use of force during the course

of our debate on this subject. And it would not be possible to plan any further economic measures, because our embargo is complete.

Mr. Olson: Has the Canadian government attempted to find out, or has it, in fact, ascertained how much oil is getting into Rhodesia from Mozambique, South Africa or any other sources?

Mr. Martin (Essex East): The Prime Minister responded to a question of this kind the other day. He indicated that we were aware, as a result of information passed on to us, of the extent to which there were arrangements contrary to the economic sanctions which have been imposed.

Mr. Nesbitt: Is the government planning any economic measures against Portugal or her possessions such as Mozambique and Angola, in view of the apparent lack of success of these economic sanctions?

Mr. Martin (Essex East): There are no such measures now under contemplation.

[*Later:*]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Secretary of State for External Affairs a further question with regard to the discontinuance of the air lift to Zambia. Was this decision taken on the recommendation of the commonwealth sanctions committee, and can the minister satisfy the house that the oil needs of Zambia will be met in some other way?

Mr. Martin (Essex East): Mr. Speaker, the decision to carry on the Zambian airlift was a Canadian decision. The decision was that it would be carried on until the end of April.

Mr. Douglas: Mr. Speaker, I have a supplementary question. Can the minister assure the house that in spite of the discontinuance of the airlift the oil needs of Zambia will be taken care of, or has some factor intervened which makes the airlift no longer necessary?

Mr. Martin (Essex East): This whole question of course will be reviewed at the end of April. We will have to examine the situation.

[*Translation*]

LABOUR CONDITIONS

QUEBEC—REQUEST FOR CONSULTATIONS ON MANPOWER POLICY

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I would like to put a question to the hon. Minister of Citizenship and Immigration, the eventual minister of manpower.

Is he acquainted with and does he accept the accusations made last night at Three Rivers by the Quebec Minister of Labour, to the effect that Ottawa does not acknowledge the special status of the Quebec labour force, that it proceeds unilaterally, and that before creating a federal department of manpower, a policy on federal-provincial consultations should be formulated?

Mr. Speaker: Order. I believe this question is out of order.

[*Later:*]

Mr. Allard: Mr. Speaker, may I put a question to the Minister of Citizenship and Immigration?

Does the minister propose, before the Department of Manpower is set up to convene provincial Ministers of Labour to discuss the whole legislation pertaining to manpower?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, the only new manpower policies adopted by the Department of Citizenship and Immigration were adopted after consultation with the provinces and during the federal-provincial conference held in January. There have been no others.

TELEVISION

QUEBEC—USE OF TELEPHONE COMPANY FACILITIES

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Secretary of State.

Has she received and, if so, does she propose to follow up immediately the offer made by Compagnie de téléphone du Nord du Québec Ltée to use its microwave network so as to provide television services to the people of Chibougamau-Chapais, from Rouyn or lake St. John?

Mr. Speaker: Order. I think this question should be placed on the order paper.

Mr. Laprise: Mr. Speaker, I wish to discuss this matter later, at ten o'clock.

WINTER WORKS

REQUEST FOR EXTENSION OF PERIOD

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration.

Could he tell the house whether he has decided to extend the winter works program now in progress?

Hon. Jean Marchand (Minister of Citizenship and Immigration): No, Mr. Speaker.

Mr. Asselin (Charlevoix): A supplementary question, Mr. Speaker.

Could the minister tell us when he will be in a position to inform us about the government's policy in this matter?

Mr. Marchand: Mr. Speaker, the government's policy in this regard is already known. If changes are made, they will be announced in due course.

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I would also like to put a supplementary question to the minister.

Seeing that the government has, in the past, changed its attitude with respect to areas where the winter was severe, could the minister start even now to consider as was done in former years, extending the period allowed for winter works in those areas where the winter was particularly severe?

Mr. Marchand: Mr. Speaker, I believe that very same question was put to me last week; the answer is therefore the same.

The problem is constantly being reviewed. If a dangerous or unfair situation arises, we will attempt to remedy it and advise the house accordingly.

[*English*]

ADMINISTRATION OF JUSTICE

STEVEN TRUSCOTT—REQUEST FOR INVESTIGATION

On the orders of the day:

Mr. R. E. McKinley (Huron): Mr. Speaker, I wish to direct a question to the Solicitor General. In view of the petition which I presented to him, and the many letters and phone calls I am receiving, could the minister give the house any indication of when he can announce that there will be an inquiry into the Steven Truscott case?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, allow me to say I am deeply sensible of my duty in this matter, which is being diligently pursued, and I shall report as soon as possible.

Inquiries of the Ministry

SEAFARERS INTERNATIONAL UNION—PROSECUTION OF MEMBERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Solicitor General. I hope he will reply to this doctrinaire old firebrand who has not yet burned out. Has the minister anything to report to the house with regard to the examination of the documents seized from the Seafarers International Union by the R.C.M.P?

Hon. L. T. Pennell (Solicitor General): I have nothing further, Mr. Speaker, except to assure the member that it is being pursued vigorously.

NATIONAL DEFENCE

INQUIRY AS TO RE-ENLISTMENT BONUSES FOR PILOTS

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Can the minister say whether the government is considering additional re-enlistment bonuses for pilots in the R.C.A.F.?

Hon. Paul Hellyer (Minister of National Defence): Not re-enlistment bonuses, Mr. Speaker. The government has been giving consideration to the aircrew allowance, and I expect an announcement will be made in that regard shortly.

Mr. Chatterton: As a supplementary question, will this apply to all aircrew, if it is put into effect?

Mr. Hellyer: No, Mr. Speaker.

SHIPPING

DEMURRAGE COST OF SHIP WAITING TO BE LOADED

On the orders of the day:

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, I wish to direct a question to the Minister of Finance, particularly in view of the fact that this morning's paper advises us that the minister has his facts and figures at his finger tips. Could the minister tell the house what is the cost or charge for demurrage per day for a boat waiting in a Canadian port to be loaded with grain for export?

Mr. Speaker: Order, please.

Inquiries of the Ministry

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Noting that both Clay and Chuvalo are overweight and jumbo sized for their fight tonight, would the minister send them whatever pamphlets are available on physical fitness?

Mr. Speaker: Order, please.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, may I ask the Minister of Finance whether, in preparation for his budget speech this evening, he has had an opportunity to read the latest book to be published by the hon. member for Davenport (Mr. Gordon).

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker, but I am sure I would have benefited, as would all members of this house.

FISHERIES

REQUEST FOR EXTENSION OF APPLICATION PERIOD FOR ASSISTANCE

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. In view of the fact that a number of inshore fishermen are not aware of the program announced by the minister on December 3 and January 15, to provide assistance to those who experienced serious catch failures in 1965, would the minister ensure that the eligibility date for application for this assistance be extended to April 30?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, when the assistance program for fishermen was introduced in January it was not a matter of extending the time of payment but rather of setting a maximum amount of assistance to compensate fishermen who had failed to qualify for unemployment insurance benefits. The assistance was set at $350 for married persons and $200 for persons without dependants, which is in line with the average amount received by fishermen as unemployment insurance benefit.

Mr. Keays: As a supplementary question, does the minister still insist that the final date for application be March 26?

[Mr. Speaker.]

Mr. Robichaud: Mr. Speaker, as the announcement was made early in January and was well advertised, it was hoped that all applications would be received before the end of March, and it would be very difficult at this time to extend the period.

[*Translation*]

CAPITAL PUNISHMENT

POLICY RESPECTING COMMUTATION OF DEATH PENALTIES PENDING HOUSE VOTE

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I wanted to put my question to the house leader, but in his absence—I am sorry I have not given notice of it—I might put it to the Prime Minister.

Since we are in a deadlock regarding the debate on capital punishment, would it be possible to work out a procedure so that the vote may be taken without delay? If it is not taken this year, will the commutation system be maintained by the government?

[*English*]

Mr. Churchill: Have you spoken?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think we have reached an impasse yet; at least I hope we have not.

Some hon. Members: Hear, hear.

AIRPORTS

VANCOUVER—WORKING CONDITIONS OF AIR TRAFFIC CONTROLLERS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wish to direct a question to the Minister of Transport. Having in mind the threatened work stoppage by air traffic controllers at Vancouver international airport, would the minister indicate whether he would give consideration to their request for an impartial inquiry into their working conditions, since these men have taken a strike poll which is 96 per cent in favour of strike action within the next few days?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I do not think the situation is as immediately alarming as the hon. gentleman's question would seem to suggest, but of course the minister will take into consideration any request of this nature.

AGRICULTURE

REQUEST FOR STATEMENT ON GRAIN PRODUCTION GOALS

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of Agriculture. A week or ten days ago I asked the minister whether he would issue a statement regarding an outline of the goals for grain production in western Canada. Is the minister now prepared to do this?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I believe this question properly should go to the Minister of Finance, who is responsible for the Canadian Wheat Board. However, I would point out that the farmers can be relied upon pretty well to make their own intelligent decisions in this regard. This I think is shown in the statement of planting intentions issued by the Dominion Bureau of Statistics for March 16, which indicates that western farmers intend to seed 29.1 million acres of wheat in 1966 as compared to 27.7 million acres in 1965, together with an increase of 26 per cent in fertilizer used this year and a 6 per cent cut-back in summer fallow.

If weather conditions are suitable and these intentions are carried out I would expect that we should harvest a crop which would adequately meet our commercial as well as our aid requirements.

Mr. Nasserden: Mr. Speaker, I thought perhaps the minister might have a reply of his own as well.

Mr. W. H. Jorgenson (Provencher): Is it not true, Mr. Speaker, that during the election campaign the members of the government indicated they were going to provide such forecasts on which farmers would be able to base their estimates?

Mr. Speaker: Order, please.

NORTHERN AFFAIRS

ROADS TO RESOURCES—RE-ESTABLISHMENT OF PROGRAM

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to address a question to the right hon. Prime Minister, with reference to the statement he is reported to have made in Quebec city on Saturday. He is reported to have said that the federal government in the future will not opt into matters within the provincial jurisdiction. Will the Prime Minister say whether this means that the government does not intend to re-establish the roads to resources program?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker.

CANADA ASSISTANCE PLAN

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, I would like to ask the Minister of National Health and Welfare whether he could give some indication to the house as to how soon legislation will be brought forward to implement the Canada assistance plan.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, it is intended to introduce the legislation at the earliest possible moment when there is an indication of when it can be dealt with.

Hon. Michael Starr (Ontario): Mr. Speaker, in view of the fact that this matter is very important, would it not be advisable to put it on the order paper before Easter so we can study this legislation over the Easter recess?

Mr. MacEachen: Mr. Speaker, we will make every effort to provide an appropriate study period for this and other legislation, but I cannot give an assurance at the moment that it will be on the order paper before the Easter recess.

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I would like to put a supplementary request to the Minister of National Health and Welfare. Is there anything that we on this side of the house can do to assist him in bringing forward this legislation?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a supplementary question. May I ask the Prime Minister whether he is yet in a position to answer my question of a few days as to whether the Canada assistance plan, pension legislation and medicare will be on the order paper before Easter.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think I said they would be on the order paper shortly.

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, may I ask a supplementary question of the Minister of National Health and Welfare. Can the minister say whether it is the intention of the government to refer

this legislation to a standing or special committee of the house.

Mr. MacEachen: No, Mr. Speaker, but that possibility will be considered when the bill is before us.

INDIAN AFFAIRS

SASKATCHEWAN—PRESERVATION OF INDIAN SHRINE

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. When I asked a question regarding the Mistaseni shrine and a meeting with the P.F.R.A., the minister said that he hoped to have an answer within a few days. I am wondering whether the few days which have passed have been sufficient to allow him to prepare an answer.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, with regard to the question of the hon. member, I might point out that questions 172 and 576 on the order paper in this regard were answered on January 21 and February 10 respectively.

I might point out further—and I believe the right hon. Leader of the Opposition also is concerned in this matter—that there have been meetings between the P.F.R.A. officials and the concerned parties. One of the fears of the hon. member with regard to the time element in this matter is ill founded, in that this work can well be carried out next February, when at that time the water is lowered by the dam. So there is no imminent danger of flooding, precluding the work being done as the hon. member feared.

The P.F.R.A. officials and the local officials are working together to find some method whereby this very valuable and important shrine can be preserved at some reasonably economic cost. I think this is the problem.

SHIPBUILDING

BRITISH COLUMBIA—DISCUSSIONS RESPECTING SUBSIDIES

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, my question is for the Minister of Transport. Now that the minister has had an opportunity to read *Hansard* for last Friday afternoon, when he was unavoidably absent, I wonder whether he is now in a position to announce a change in the shipbuilding subsidy program to include provincially owned ferry services.

[Mr. Chatterton.]

Hon. J. W. Pickersgill (Minister of Transport): Not at the moment, sir.

Mr. Basford: When does the minister expect to be in a position to answer?

Mr. Pickersgill: I hesitate to forecast, sir.

[*Translation*]

CROWN CORPORATIONS

POLYMER—SUGGESTED PICKETING OF OFFICES

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I put a question to the Minister of Citizenship and Immigration?

Can the minister tell the house now when he will be in a position to picket the headquarters of the Polymer Corporation?

[*English*]

Mr. Speaker: Order, please.

NATIONAL DEFENCE

McGILL UNIVERSITY RESEARCH PROJECT

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of Industry and ask whether he has met recently with representatives of McGill University regarding the federal government contribution to the financing of the HARP project; and if he has, whether any decision has yet been made by the government on this matter.

Hon. C. M. Drury (Minister of Industry): Yes, I have met with representatives of McGill University regarding the high altitude research project, at which meeting important supplemental information was obtained from the McGill University authorities. This is now being studied as a matter of urgency.

[*Translation*]

ADMINISTRATION OF JUSTICE

REQUEST FOR ROYAL COMMISSION TO INVESTIGATE ORGANIZED CRIME

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, may I direct a question to the Minister of Justice?

The Quebec Minister of Justice recently announced that he was considering setting up, alone if necessary, an investigation on organized crime. Has the minister considered joining the Quebec Minister of Justice to set up such an investigation during his holidays?

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, Attorneys General were recently convened to discuss the matter of organized crime and, up to now, I personally see no reason why the invitation of the Quebec Minister of Justice should be accepted.

INQUIRY FOR RETURN

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to put a question to the Minister of Finance. I shall not refer in any way to his budget speech scheduled for tonight. It is about a question of mine which was made into an order for return in January 1965. I rose on a question of privilege concerning that order for return which sought to obtain all the names of those who received 1965 sets of Canadian coins when their requests, submitted before January 1965, were complied with within two days. Mr. Speaker, I have been waiting for those names for a year and a half. Can the minister assure me that he will inquire and tell me on approximately what date I can expect to get those names?

[*English*]

Hon. Mitchell Sharp (Minister of Finance): I shall be very happy to do so, Mr. Speaker.

EDUCATION

STUDENT MEANS SURVEY—STATEMENT ON FEDERAL ASSISTANCE

On the orders of the day:

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to answer a question that was asked of me on March 17 by the hon. member for Bruce (Mr. Loney). The hon. member asked about the Canada student means survey. When the survey of student means now being conducted by the Canadian Union of Students has been completed, the federal government's direct and indirect contribution will have constituted more than half the total expenditures likely to be incurred by the C.U.S. The government has not been requested by this organization to make an additional contribution, and none is contemplated.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR REPORT ON INVESTIGATION INTO GASPÉ-MATAPEDIA SERVICE

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I wish to direct a question to the Minister of Transport. Has the minister been successful in getting information as to the possibility of an inquiry into the passenger service on our go-go train in the Baie des Chaleurs?

Hon. J. W. Pickersgill (Minister of Transport): As a matter of fact, Mr. Speaker, yesterday I was discussing air service in the Gaspé rather than rail service.

Mr. Keays: A supplementary question, Mr. Speaker. We appreciate that, but I think we should get back to natural things and get one train going.

VETERANS AFFAIRS

COUNTING OF WARTIME SERVICE FOR PENSION PURPOSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Associate Minister of National Defence relating to a matter that was under discussion when the departmental estimates were before us a few weeks ago. Has a decision been made on the allowing of wartime service for pension purposes in the case of permanent force personnel?

Hon. Léo Cadieux (Associate Minister of National Defence): Not yet, Mr. Speaker.

Mr. Knowles: As a supplementary question, Mr. Speaker, can the minister say whether this decision will be made soon?

Mr. Cadieux (Terrebonne): I think very soon, Mr. Speaker.

[*Translation*]

MINES AND TECHNICAL SURVEYS

NORTHWESTERN QUEBEC—ASSISTANCE TO GOLD MINES

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a question to the Minister of Mines and Technical Surveys. Has he had discussions in the past week with the Minister of Mines of the province of Quebec or with his officials on the gold mines of northwestern Quebec and what were the results of these discussions?

Hon. Jean Luc Pepin (Minister of Mines and Technical Surveys): Mr. Speaker, I have been away for four days and the minister of the provincial government to whom I phoned has not returned my call. Nevertheless, I shall try again this very afternoon.

[*English*]

CANADIAN CITIZENSHIP

REGINA, SASK.—INQUIRY AS TO OPENING OF COURT

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I wish to direct a question to the Secretary of State. I wonder whether the hon. lady could indicate if a date has been finalized for the opening of a citizenship court in Regina.

Hon. Judy V. LaMarsh (Secretary of State): Not to my knowledge, Mr. Speaker. As my hon. friend realizes, I do not yet have formal responsibility for citizenship. I share this responsibility with my hon. friend the Minister of Citizenship and Immigration.

YUKON ACT

AMENDMENTS RESPECTING INDEMNITIES, TRAVELLING EXPENSES, ETC.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. C-147, to amend the Yukon Act.

Hon. G. J. McIlraith (Minister of Public Works) moved:

That the house do now proceed to the order appearing under private members' notice of motion No. 66 on today's order paper, resuming debate on the private members' motion proposed by Messrs. Byrne, Nugent, Scott (Danforth) and Stanbury, and the proposed amendment thereto of Mr. Gauthier.

Some hon. Members: Agreed.

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I understand that this action is being taken under Standing Order No. 44, of course, and I can see no reason for detouring from Ottawa to the Yukon and then back in order to discuss a matter on the floor of this house. I believe Bill No. C-147 is worthy of consideration at this time and that we should proceed to the discussion of it.

An hon. Member: It is too late.

Mr. Speaker: Order, please. A motion has been made by the Minister of Public Works (Mr. McIlraith). While the hon. member may feel this way, if he opposes the motion he can vote against it. The motion is now before the house.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, you have not indicated whether or not this motion was in order. I have no objection to a discussion on the death penalty, but I suggest we are now setting a dangerous precedent in this house. How is this motion in order?

[*English*]

Mr. Speaker: Order, please. If any hon. members feel there is some difficulty about the motion they can certainly bring it to the attention of the Chair, and I will be glad to take their views into consideration. The hon. member for Lapointe.

• (3:20 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Speaker, once again, I have no objection to our discussing today and tomorrow that resolution about the abolition of the death penalty, but I find that we are creating a precedent by calling upon standing order 44 of the House of Commons which stipulates:

When a question is under debate, no motion is received unless to amend it; to postpone it to a day certain; for the previous question; for reading the orders of the day; for proceeding to another order—

It is under that standing order 44 that we are proceeding to another order and that we are asking to come back to that resolution dealing with the death penalty.

But, there is also standing order 18 which stipulates:

All items standing on the orders of the day, except government orders, shall be taken up according to the precedence assigned to each on the Order Paper.

That is according to the respective priority assigned to them on the order paper.

If I refer to today's order paper, resolution No. 66 is at the bottom. In my copy of *Hansard*, there is a page missing; the pages are mixed. Mr. Speaker, I apologize but there are five pages missing in my copy of the order paper.

Today, resolution No. 66 is at the very bottom of the private members' notices of motions.

I am speaking here as a private member who, at any time, can have a motion under the private members' notices of motions. Today, I am not trying to avoid a dangerous precedent; it will be possible at any time, at five o'clock or at five to five, to act in such a way as to avoid discussing a notice of motion or a private member's public bill and disregard standing order 18 by having us study bills and notices of motions other than those which should be studied according to the said standing order.

Mr. Speaker, the motion moved by the Minister of Public Works is out of order, because if the minister wants to make us take up another item of the orders of the day, he must at that time refer us to the private member's notice of motion, and if all motions preceding the last, that is resolution No. 66, stand, we shall come to resolution No. 66. But we cannot just leap over the others because it would be contrary to Standing Order 18—

[*English*]

Mr. Baldwin: I rise on a point of order, Mr. Speaker.

Mr. Speaker: The hon. member is now on a point of order.

Mr. Baldwin: I was about to ask if the hon. member was on a point of order.

Mr. Speaker: Yes, the hon. member is not debating the motion; it is not debatable. He is speaking to a point of order and suggesting that perhaps the motion could not be made at all.

Mr. Baldwin: This is the point I wanted cleared up, Mr. Speaker.

[*Translation*]

Mr. Grégoire: Mr. Speaker, under the circumstances, the minister sets aside standing order 18 which I read a moment ago and which says:

> All items standing on the orders of the day, except government orders, shall be taken up according to the precedence assigned to each on the order paper.

This means that, according to our standing orders, the intention was to protect the private members' business and avoid that the government or a minister could decide which of the private members' business will come first, second or last. The intention was to respect certain members' privileges, namely their right to discuss any of their public bills or notices of motion.

It is this privilege of members which is protected by Standing Order 18.

If the minister forgets it, or if you forget it, this would set a dangerous precedent, because one of the main privileges of the members would be affected and in the future, it would always be possible to deny under any circumstances, a member the right to present a motion or at least to have it considered, even if it stands at the top of the list, in order to discuss a motion moved by a minister, such as the one presented by the Minister of Public Works.

Mr. Speaker, I say that if the minister finds a way for a discussion of capital punishment, well and good, but it must not be at the expense of the private member's privileges.

If you rule in favour of this motion, without any consideration for standing order 18, I say that the private members' privileges will be affected because, in the future, it will not be necessary to take into consideration their notices of motion or their public bills, and the discussion of the said bills and notices of motion could be set aside.

This is what must be avoided at all costs and the responsibility for the safeguard of private members privileges rests with the Speaker. For this reason, Mr. Speaker, aware of your sense of justice toward the private members, I should like to refer to this standing order and ask that you rule the motion moved by the Minister of Public Works out of order.

Obviously, if all members who have notices of motions on the order paper wish them to stand, we would then agree to discuss resolution No. 66, but not before such a request is made.

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, this is a rather novel procedure which the government has adopted under the circumstances. I share with many hon. members the desire to come to a conclusion on the question that was being discussed yesterday. However, I do not feel we should adopt something that is fundamentally wrong under our rules to extricate those directing this motion from the difficulty into which they got themselves by having a limited order which expired last night at ten o'clock and by not taking the precaution of putting a proper notice on Friday's Order Paper.

I agree entirely with what has been said by the hon. member for Lapointe (Mr. Grégoire) that we are put in perhaps a novel situation, but I support him totally in this instance because what is proposed by the government house leader is something that could work but which must also work in reverse. Frankly, Mr. Speaker, if this motion is deemed to be legal it makes utter nonsense of our Standing Orders and of our rules laying down the order of business. The rules could then be thrown into the wastebasket because all that would have to be done in the future would be for the Clerk of the house to call an order and then a member of the government could propose that we move to another item.

The item could be a private member's public bill, it could be a private member's notice of motion, it could be anything. Conversely, if that could be done it would be within the power of a member of the government to stand up during private members' hour and move that we return to an item of government business. This procedure would not be permissible under Standing Order 18 and would not be permissible under the traditions of this house. This procedure is not permissible under any number of the rules of this house, but I shall not go through the Standing Orders one by one.

Notwithstanding the circumstances of this case and the importance of the matter we had under discussion, I would say this procedure would create a terrible precedent if we were to accede to the illegality of such a motion as the one proposed by the government house leader and say it was in order. On those grounds I ask Your Honour to reject the motion.

Mr. McIlraith: Mr. Speaker, I am somewhat amazed to find the hon. member for Edmonton West (Mr. Lambert) arguing in effect that notwithstanding the legality of the motion Your Honour should rule it out of order. I am rather amazed at that position.

An hon. Member: He did not say that.

Mr. McIlraith: The motion is made under Standing Order 44 which reads as follows:

> When a question is under debate no motion is received unless to amend it;—

Then I leave out a few words and continue quoting:

> —for proceeding to another order;

Since this Standing Order was put in the rules it must surely have been intended for some purpose. Incidentally, this Standing Order received the attention of the house as late as June 11, 1965, and it has been used from time to time since. If it means anything, surely it means what it says, that when a question is under debate no motion is received unless—I leave out the other exceptions—for proceeding to another order.

• (3:30 p.m.)

It is quite true that Standing Orders 15 and 18 do set out the normal course of business. Standing Order 15 sets out the order in which the Order Paper is printed and Standing Order 18 sets out the right of the government to call government orders in any sequence it

wishes. The resolution respecting capital punishment is not a government order and that is where the difficulty arises. When we request that government time be made available for private members' notices of motions—because that is what this is—we are prevented from using Standing Order 18.

There is a very good precedent which can be applied to the other order, namely, the case on January 13, 1881, when the then prime minister of Canada, Sir John A. Macdonald, used this same procedure. Different terminology was used in dealing with different parts of the Order Paper in that day, but he did precisely what we are doing here.

Mr. Diefenbaker: Were the rules the same then? Was standing order 18 (1) one of the rules?

Mr. McIlraith: The point is the same and the rule has bearing on the point. Different terminology was used regarding the other rules setting up the Order Paper. In that case there was precisely the same point, and the motion of course carried.

Incidentally, it is interesting to note that Sir John A. Macdonald explained why he was using this procedure. The reason for taking this course was that it was of the very greatest importance that the matter be disposed of one way or the other without any delay. That is just an interesting sidelight.

Mr. Ricard: This all stems from one of your members.

Mr. McIlraith: The whole point is that Standing Order 44 must surely be taken to mean precisely what it says, particularly when we reinforce it with a precedent of such validity as this.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I should like to refer you to two citations, one of which will support the contention of the house leader. The first is citation 88 (2) on page 82 of Beauchesne's fourth edition, which reads as follows:

> All motions referring to the business of the house should be introduced by the leader of the house.

Second, may I refer to citation 189 to be found at page 160 of the same volume. This paragraph concerns the requirement of notice. It is interesting to note that the government house leader used the words "normal proceedings", and I think that is the key to the matter. We must be within the rules but we must have some flexibility.

It interests me, Mr. Speaker, that the country is wondering how this institution can adapt itself to the day by day proceedings which are before it. If we are to be frustrated by what I might refer to as wilful men with wilful opinions, then this institution can be validly criticized by the public who do not understand—

Mr. Speaker: Order, please.

Mr. Fairweather: I had better keep quiet, Mr. Speaker, and leave you with the rules which are clearly there to meet the situation which the house leader sees.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say a few words on this point. I believe weight should be given to the suggestion made by the house leader. Standing Order 44 is in the book and provides, in this circumstance, for a motion to proceed to another order. I recognize that any such motion should not run afoul of any other Standing Order, and I shall deal with that in just a moment.

First of all may I point out, as has the hon. member for Royal (Mr. Fairweather), that citation 189 of Beauchesne's fourth edition lists motions which can be made without notice. One of them is for proceeding to another order.

May I also draw attention to citation 195 of Beauchesne's fourth edition, which deals at some length with superseding motions of various kinds. This paragraph is relevant and reads as follows:

> Dilatory motions are designed to dispose of the original question either for the time being or permanently. They are the following: "That consideration of the question be postponed to ..... (date)." "That the orders of the day be read." "That the house proceed to (name another order); or that the house proceed to the next business." "That the debate be now adjourned." "That this meeting be now adjourned." Adjourned motions are in this class because they may sometimes be used to stop a debate which will never be resumed.

I have read the whole paragraph, Mr. Speaker, but the relevant part indicates that there is provision for a motion to proceed to another order of business. The motion made by the government house leader is in those terms.

However, Mr. Speaker, the hon. member for Lapointe (Mr. Grégoire) has quite properly drawn our attention to Standing Order 18 (1) and he has been supported by the hon. member for Edmonton West (Mr. Lambert) and perhaps by one or two others. I think one has to look carefully at Standing Order 18 (1). What Standing Order 18 (1) does is to provide the order of private members' business within private members' hour.

The hon. member for Lapointe is perfectly correct in drawing attention to this rule. If this were private members' hour, if we were now between six and seven o'clock, it certainly would not be in order to move and to decide by a majority vote that the first 65 items be passed by, whether or not their sponsors wanted them to be passed by, and that we take item No. 66. But we are not in private members' hour, Mr. Speaker; we are in government time.

I submit that if the government wishes through one of its own ministers to ask the house to supersede government business for a private member's motion, then that is quite a different story from seeking to sit one private member's motion against all the others within private members' time. I would say, Mr. Speaker, that if this motion is accepted and passed it has effect only up until six o'clock. At six o'clock the question would then arise: What do we do in private members' hour? At that juncture I would support the point made by the hon. member for Lapointe, supported in turn by the hon. member for Edmonton West.

However, at this point it seems to me that we are in government time, and if the government wishes to make a proposal which does not infringe on private members' rights but in fact gives something which private members do not have then that is not in violation of Standing Order 18 (1). Therefore, Mr. Speaker, I think consideration should be given to the legality of the motion moved by the house leader as being operative for the period from now until six o'clock.

Hon. Gordon Churchill (Winnipeg South Centre): I think this is a most unusual occurrence, Mr. Speaker, and has the danger of setting a very bad precedent. I suggest, sir, that the government is attempting to encroach upon the order of private members' business with no request on the part of private members. It is attempting to select from private members' orders a certain numbered motion which the government says must be discussed now. I think this encroachment should not be allowed.

If Your Honour declares that the motion is in order, then I suggest it would be subject to amendment. It would be proper for us to amend it by striking out "Order No. 66" and putting in "Order No. 1", which would put us back to supply and into the supplementary

estimates with which we should be dealing today.

• (3:40 p.m.)

I should like the government house leader to consider this point because it involves a concession of government time. Is he prepared to give government time for the discussion of private members' motions, including No. 66, up to the extent that it might be required by private members of the house? I doubt very much that he will find available government time for that purpose. Yet I am told that there are as many hon. members yet to speak on No. 66, the capital punishment debate, as have already spoken, which means that another three days would be taken up. I do not know whether it is advisable to try to squeeze them in now and attempt to reach a decision today. That means putting pressure on private members to refrain from making speeches which they were promised an opportunity to make, and it is taking unfair advantage of the house.

I conclude by saying that I think the hon. member for Lapointe (Mr. Grégoire) deserves credit for drawing Standing Order 18 to the attention of the Chair and the house. I think it would take precedence over Standing Order 44. However, should Your Honour, on the contrary, incline to the view that the motion is in order I reserve the right to move an amendment such as I have suggested.

Mr. Lambert: I rise on a point of information, Mr. Speaker. Did the minister mention that the debate would continue until seven o'clock or until six o'clock?

An hon. Member: Seven.

Mr. McIlraith: No, I did not give any time. I shall read the motion again. I move:

> That the House do now proceed to the Order appearing under Private Members' Notices of Motion No. 66 on today's Order Paper, resuming debate on the Private Members' motion proposed by Messrs. Byrne, Nugent, Scott (Danforth) and Stanbury, and the proposed amendment thereto of Mr. Gauthier.

Mr. Lambert: Until what time, Mr. Speaker?

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to ask whether the house leader has authority under Standing Order 44 to make the motion he has made. I think you should take into consideration what is now being done under the provisions of Standing Order 44. I believe that the purpose is one for which it was never intended to be used. I say that, Mr. Speaker, with great sympathy for the problem the house leader has because of the procedural impasse we are in as a result of the manner in which the capital punishment resolution was brought before the house.

In so far as the argument advanced by the hon. member for Winnipeg North Centre (Mr. Knowles) is concerned and his reference to citation 195 dealing with dilatory motions, I think he only took out of it that part which was useful in achieving the end he wants to achieve. The same paragraph says that dilatory motions are designed to dispose of the original question. If we are going to rely on that, then surely this procedure is designed to do away with the consideration of the bill to amend the Yukon Act. It would raise a problem in that regard.

Mr. Knowles: On a question of privilege, Mr. Speaker, the hon. member for Medicine Hat is accusing me of reading only part of a paragraph. Now he is reading only part of the sentence I quoted.

Mr. Olson: I am reading the rest of the paragraph which the hon. member for Winnipeg North Centre did not read.

Mr. Knowles: On a question of privilege, Mr. Speaker, I read the entire paragraph. The hon. member is now reading only part of a sentence taken out of that paragraph.

Mr. Olson: I am giving the proper weight to the words that precede the rest of the subclause where the words are in quotation marks. I think we should be very careful about this matter because if we set a precedent whereby the government can, at any time it feels it wants to, move a motion under Standing Order 44 to get away from ordinary government business and into private members' resolutions and bills and so on, we shall in fact be doing something that was never intended under Standing Order 44.

Standing Order 18 says very clearly in paragraph 2:

> Except as provided in Standing Order 56, government orders may be called in such sequence as the government may think fit.

I do not disagree with that. What we are now doing under the aegis of Standing Order 44 is to attempt to get around the hard and fast provisions of other Standing Orders, namely, Nos. 15 and 18. It is very clear in the Standing Orders that hon. members are entitled to notice of such a motion. This is for the protection of those members who want to be

present when the matter covered by the motion is before the house.

I hope, Mr. Speaker, that there can be unanimous consent to go on with the capital punishment debate and perhaps take the sense of the house on the question inasmuch as the debate has so far taken three days. I hope that may be done. However, Mr. Speaker, I am apprehensive about using Standing Order 44 to ride roughshod, if I may use such extreme words, over hard and fast provisions that protect hon. members against the government or anyone else. They protect hon. members from being faced with a subject matter of which they have had no notice.

I say that because I believe the government had some indication yesterday and even last Thursday that there was going to be a procedural problem in carrying on this debate with unanimous consent to its conclusion. What happened on Wednesday and Thursday of last week and on Monday of this week—I think no one denies this—was in fact done through an order of the house by unanimous consent. In doing that there was no superseding or circumventing of those Standing Orders that protect the rights of individual members.

Mr. Speaker: Order, please. I wonder whether any point can be served by going into the matter further. It seems to me that all possible arguments have been made for and against. I do not want to question the right of hon. members to contribute to the discussion on the point of order, but I can assure hon. members that I have heard enough. My mind is made up. Nothing that can now be said is going to change my mind.

Mr. Baldwin: May I ask a question of the house leader? It involves a matter that disturbs me and my inclination to support the motion depends on the answer. Has there been any suggestion that the motion is one which would place a limit on this debate, or is it intended to provide time so that all hon. members can have the opportunity to take part in the debate?

Mr. Pearson: Perhaps I can answer that by saying that there is no intention on the part of the government to place a limit on the debate of the motion. There is every intention to find enough time so that the debate can proceed to a conclusion at the earliest possible date.

Mr. Diefenbaker: I should like to say a word, Mr. Speaker, before you make your ruling. Having listened to the Prime Minister and having had assurance as to time, could it also be recognized that what we are doing here shall not constitute a precedent for the future? I think what the Prime Minister has said meets the situation generally. There is no endeavour on the part of the government, if that is what the answer means, to limit the discussion in the house. However, I think we should also have the further assurance I have requested. Having listened to the argument, I have my own idea about the matter and it would take quite a bit to convince me that I should accept a proposition such as the one before us as a precedent. However, in order to get on with the business and in view of the words just spoken by the Prime Minister, I suggest that the house agree that acceptance of this motion will not create a precedent.

• (3:50 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Speaker, there has been a new development. The Leader of the Opposition (Mr. Diefenbaker) asks that it be not a precedent—

Mr. Speaker: Order. A while ago I mentioned to the hon. member for Lapointe that, having heard the excellent arguments which he submitted to the Chair as well as those put forward by other hon. members, I am ready to give a ruling on the question raised by the hon. member for Lapointe.

[*English*]

I take into account, of course, the comment made by the Leader of the Opposition. What he is suggesting now is that once the point of order has been disposed of there may be a disposition on the part of the house to proceed by unanimous consent. This is something we can consider after the ruling is given.

We have before us a motion proposed by the Minister of Public Works under Standing Order 44. He proposes to us a superseding motion. The argument put forward by some hon. members is that if this Standing Order means anything it means that we can move from one area of business to another. My answer is that this type of motion is intended to enable the house to move from one order to another within the same type of order, from one order of private members' business to another order of private members' business or from one government order to another government order.

This Standing Order, as is the case with others, has to be read in the light of a number of Standing Orders dealing with the

same subject. We have Standing Order 15 which sets out the daily order of business and Standing Order 18 which sets out the precedence of business. What we would be doing now by accepting this motion would to my mind be changing this precedence. We would in effect be acting in contravention of Standing Orders 15 and 18. It is a motion which attempts to suspend the normal course of business and in my view it is a substantive motion which requires notice.

I would call the attention of the house to Standing Order 32(1) referring to motions which are debatable. Standing Order 32(1)(m) refers to the management of the business of the house and the arrangement of its proceedings. Perhaps this motion might be classified as a disarrangement of the business of the house, if not an arrangement.

I would also refer hon. members to citation 10 of Beauchesne's fourth edition to the following effect:

> Standing Orders may be suspended for a particular case without prejudice to their continued validity, for the House possesses the inherent power to destroy the self-imposed barriers and fetters of its own regulations. It may even pass an order prescribing a course of procedure inconsistent with the Standing Orders. A motion for such temporary suspension requires notice under Standing Order 41—

For all these reasons I suggest to hon. members that there is no possible course open to the Chair but to refuse the motion as it has been presented by the Minister of Public Works.

To return to what I said at the outset, there may be a disposition on the part of the house to agree to a debate on this particular subject this afternoon. This, of course, would have to be by agreement, by unanimous consent of hon. members. Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: The hon. member for York-Humber (Mr. Cowan) rose but it was impossible for the Chair to know what he has in mind.

Some hon. Members: Oh, oh.

Mr. Cowan: There is not unanimous consent.

Mr. Speaker: The hon. member refuses his consent.

Mr. Knowles: May I ask the leader of the house a question? In view of what has happened, will the government consider placing the necessary notice on the Order Paper so that we can have time to debate this matter in the future without this kind of difficulty?

Mr. McIlraith: I will consider that suggestion carefully. It is becoming apparent that there would be lengthy debate on such a motion. We would have to consider the whole matter very thoroughly. Perhaps it would be better if I did not pursue this subject now because it is not before the house at the moment.

Mr. Knowles: Perhaps the hon. gentleman would call a meeting of the house leaders to see whether we can reach agreement.

Mr. McIlraith: The last one was 100 per cent unsuccessful, but I am always an optimist. I will consider another meeting this afternoon to see whether an agreement can be reached. It will be readily appreciated that all house leaders sometimes find difficulty in speaking for all the members of their parties.

Mr. Starr: Mr. Speaker, I rise reluctantly to say at this point that after taking account of the mess the government has created with respect to this situation—we have wasted almost an hour and a half discussing it—I believe we should proceed with the business and pass the supplementary estimates and get the bills through before the afternoon runs out.

Mr. Speaker: I should like to call the attention of the house to the fact that there is before us now second reading of a bill moved by the Minister of Northern Affairs and National Resources. It was moved by Mr. Laing that Bill No. C-147, an act to amend the Yukon Act, be now read the second time.

Mr. McIlraith: In the light of what has transpired I am wondering whether the opposition house leader and the others leaders would agree that we adjourn the debate on the bill now before the house and proceed to consideration of the final supplementary estimates.

Mr. Starr: Would you repeat that, please?

Mr. McIlraith: I was suggesting that we should proceed immediately to consideration of the supplementary estimates.

Mr. Winch: Would the leader of the house check with the hon. member for York-Humber to see whether that is in order?

Mr. McIlraith: I am sorry if my remarks were not clear. I asked for unanimous consent to have the debate on the Yukon Act

amendment adjourned in order that we might proceed to discuss final supplementary estimates.

Mr. Starr: Agreed.

Mr. Speaker: By unanimous consent, agreed.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

1e. General administration, including grants as detailed in the estimates, $44,500.

Mr. Barnett: Mr. Chairman, it is not my intention to indulge in lengthy remarks on the final supplementary estimates at this stage. Coming from a constituency where the application of the Navigable Waters Protection Act is a matter of great concern, I have been quite interested in the problem raised by the hon. member for York-Humber with respect to certain developments on lake Ontario. The issues which he has raised are ones which go beyond the immediate area he has discussed and I feel we should have some clarification or statement from the government with respect to the act while this item is under consideration.

• (4:00 p.m.)

According to my recollection the hon. member for York-Humber raised this matter during earlier discussion of the estimates, but I do not recall any statement from the government dealing properly with the issues raised by him. He has stated that there has been a complete flaunting of the provisions of the act.

If the act is one which cannot be enforced, if it is something which can be defied at will by anyone who chooses to ignore it, then we should be so informed and told what steps are being taken either to repeal or amend it. The legislation falls within the jurisdiction of the federal government under the British North America Act. The federal government has the responsibility for controlling navigation on the navigable waters of Canada, both inland and coastal, and it must ensure proper control over structures that are erected in navigable waters so that they can be recorded and charted for the benefit of those navigating the waters.

I have no direct knowledge of the situation on lake Ontario but, so far as I am aware, up until now there seems to have been little objection on the part of my province of British Columbia to complying generally with the requirements of the act. But if the provisions of the act can be blindly ignored in one part of the country there will be a tendency to ignore them in other parts of the country, and thus it becomes an important national issue.

The only suggestion I have heard from B.C. that the act has been ignored has been in connection with the construction of a dam on the Peace river. Questions were asked whether an application was made under the act by the premier or government of B.C. Regardless of the status of any particular piece of property or any particular waterlot, I feel that the question raised by the hon. member for York-Humber is one which requires an answer so that all hon members may know what the situation is with respect to the act.

Mr. Benson: Mr. Chairman, the practice in dealing with final supplementary estimates has been that not all of the ministers attend because usually there are only one or two items from each department involved and they are carried by the Minister of Finance or some other minister. I, of course, am not in a position to answer the specific questions raised by the hon. member for York-Humber, but what I can do is give him an assurance that I will draw to the attention of the Minister of Public Works everything he said in his learned presentation on Friday last and ask the minister to communicate directly with the hon. member.

Mr. Nielsen: Under Public Works on page 15 there are two items for contributions toward the construction of schools in the Yukon Territory. Should not those items come under Northern Affairs, vote 45e on page 13, where there are three similar items for the construction of schools in the Yukon Territory?

Mr. Benson: Mr. Chairman, I have an explanation for these particular items which may be satisfactory to the hon. member. Treasury Board Order No. 650428 dated February 3, 1966, authorized the payment of a grant toward the capital cost of territorial schools in the Yukon territory based on an amount equivalent to the percentage of pupils to be accommodated, who are children of departmental employees living in tax-exempt premises.

Mr. Nielsen: I am not questioning any thing except the possibility of a printing error or an error in the compilation of the

supplementary estimates. I believe these two items on page 15 should not be under the Department of Public Works but under the Department of Northern Affairs as on page 13.

Mr. Benson: The explanation I was reading will cover this matter. Prior to the take-over of the North-west highway system by the Department of Public Works, capital contributions were made by Citizenship and Immigration, Northern Affairs and National Resources and the Department of National Defence. As a result of taking over the highway system the Department of Public Works became responsible for the commitment made by the Department of National Defence. Specifically the grants are to be made with respect to these particular schools, but it became a matter for the Department of Public Works following the take-over. These were commitments by the Department of National Defence with respect to the highway system and when the highway system was turned over to the Department of Public Works it assumed these responsibilities.

Mr. Herridge: Mr. Chairman, I have listened on several occasions with a great deal of interest to the complaints of the hon. member for York-Humber regarding buildings on waterlots and I think there is a lot of merit in the case he has made. I believe he has told the committee an amazing tale.

In British Columbia the riparian owner or the person who has title to the land owns the land to the mean high water level or to the edge of vegetation. Then there can be waterlots from that point into a lake, which are used for mooring grounds, launching ramps and so on. In my experience I never remember the government of B.C. giving permission for the building of any structure on such lots without the prior approval of owners adjacent to it or without a properly drawn agreement. I can give an illustration.

• (4:10 p.m.)

On one occasion a lumber company in my constituency had applied for the right to erect certain piles or booming grounds and to do other work on such a lot. It became impatient waiting for a decision from Ottawa so it went ahead and erected the pilings, docks and things of that sort. Later they were ordered by Ottawa to take the pilings and booms down because they had no right to interfere with the riparian rights of the owners adjacent to the lake in question. In my opinion, Mr. Chairman, the Minister of Public Works should allow this item to stand and obtain a legal opinion in respect of this matter. I can speak from my personal and quite lengthy experience with the development of foreshore property and water lots on rivers and lakes and on an international river in British Columbia. It seems to me that the minister should allow this item to stand so he can obtain a legal opinion before the item is carried by the house.

[Mr. Nielsen.]

Mr. Benson: If I might interject, as I said, I heard the case put forward by the hon. member for York-Humber and I said I would see that the case was brought to the attention of the Minister of Public Works. However, I think we should remember we are not here considering the estimates of the department for the whole year but rather what we are considering at this particular time is permission for the government to complete the expenditures for the fiscal year 1965-66 which comes to an end tomorrow.

The money required in these supplementary estimates is to clear up these bills. There will be other supply motions and there will be a full consideration of the estimates for the whole of the coming year. I believe that the hon. member for York-Humber will have every opportunity to bring up this particular matter when the estimates are being considered by the house and, indeed, he could bring the matter up on a supply motion or on interim supply.

Mr. Herridge: In view of the circumstances, would the minister take action with regard to the holding up of this development at this point until the committee has an opportunity to examine the circumstances?

Mr. Benson: Mr. Chairman, I cannot give such an undertaking because I really do not know what the circumstances are. I am not the Minister of Public Works and therefore do not know what the circumstances are in connection with the particular matter raised by the hon. member for York-Humber. All I know is what the hon. member for York-Humber has said. He certainly has every right to bring up this matter and pursue it to the fullest. All I am questioning is whether this is the point at which to do it when what we are trying to do is to get the final supplementary estimates through in order to pay our bills for the year.

Mr. Peters: Mr. Chairman, I have listened very carefully to the minister and I sympathize with him with relation to this matter.

When the hon. member started out he thought there really was no point in discussing this subject again as he had done so a number of times previously. This raises a matter which goes beyond this particular problem. I listened very carefully to the problem he raised. I think it was explained well enough and the departmental officials must have known about it for at least a year and perhaps longer because the hon. member brought up the matter on a number of occasions.

Personally I am of the opinion that the problem raised is one affecting an individual riding and therefore it is the hon. member's responsibility as a member to bring it up on behalf of his constituents. This is not something that should be put off; rather, a reasonable answer should be provided.

It may well be that the Navigable Waters Protection Act is out of date. I know it has not been applied in many cases where it should have been applied. I have read the act because I represent an area in which there is a large body of interprovincial water. Several other acts are involved including one going back to the time of Queen Victoria. I have read many of the sections and they are very specific in terms of building wharves, docks or obstructions of any type.

I had hoped the minister would say he would stand the item and ask the departmental officials to give some consideration to the argument made by the hon. member. I believe that it should not pass until a decision is made one way or another. I think we have an obligation and I feel I have an obligation to help the hon. member obtain some logical explanation in respect of the problem he has raised which concerns a large number of his constituents.

If we as individual members raise problems which affect our constituencies during the consideration of the estimates and cannot count on immediate attention by the departmental officials in respect of these problems, then I think it behooves other members to support any such member in seeking a decision. I do not wish to go into the ramifications of this particular member's problem. It is a very simple matter. He is raising a question in respect of building on waterlots, which obviously comes within the terms of the Navigable Waters Protection Act for which the Minister of Public Works is responsible. No decision has been made in this case. No permit was issued for the work, although the operation is taking place, nor was a permit refused on the ground that this type of work could not be done.

I do not know how the other members from Toronto feel about the matter but it seems to me that every member from the city of Toronto should be interested. I know Toronto to be a very homogeneous city where workers work in one section and live in another and the Toronto members represent a conglomeration of people. I would think there would be some joint responsibility for the waterfront of the city and that it would behoove all members from that city to take collective action in this matter which seems to affect not only Etobicoke but also Long Branch, Toronto Island Airport and many other areas on the waterfront.

I do not like to ask the Minister of National Revenue to make any commitment because I think he has made as much of a commitment as he can. He is not responsible for the department. However, I do know that the departmental officials are aware that in a very short time these accounts will appear in the public accounts but in the meantime they are going to be held up.

I would suggest it is in the interest of all members of the Department of Public works to clean up this matter. I suggest that this item is not going to pass today and so far as I am concerned it is not going to pass for some time. I am quite prepared to help the hon. member carry on a filibuster for a number of days if necessary to see that he gets an answer. This may be quite unreasonable, Mr. Chairman, but I have listened to the same argument a number of times and have heard no logical explanation why the Navigable Waters Protection Act has not been enforced and why an answer is not given.

Frankly I could not care much less whether we have changed the policy and are now going to allow the filling in of waterfront lots and thereby obtain new land. We are doing this in Montreal where we are building Expo on that type of site. As a matter of principle I am not objecting to the filling in of waterfront lots. But I do think the act is very specific in respect of the responsibility belonging to the Minister of Public Works, and to slough off the matter as has been done in a number of discussions is not in the interest of the operation of parliament and certainly is not giving a fair deal to the people of the riding concerned.

• (4:20 p.m.)

If estimates serve any purpose they serve the purpose of allowing the individual member to obtain a reasonable answer in regard to a problem he raises, particularly when the problem is directly related to his riding. For this reason I am of the opinion that an answer must be given before this item is passed. I think I speak for four of five members in my party who are also convinced that the Navigable Waters Protection Act is not being complied with in this case. The law is not being observed and people who are complaining about these things are not receiving adequate consideration. Until there is some indication why action has not been taken in this regard, this item will not be passed.

I suggest to the minister that he ask for the withdrawal of this item of the estimates of the Department of Public Works and that we go on with the other items. We intend to wait until a decision is reached with regard to this matter. If a decision is not made I am prepared to help to hold up also all the other estimates, and I do not think this would be in our interest.

Mr. Benson: Mr. Chairman, I am endeavouring to obtain additional information on this question. I am not the Minister of Public Works and am not personally informed on this matter. Might I suggest to the committee that we stand this particular item? I have sent an inquiry concerning it to the Minister of Public Works. I would suggest that we proceed with other items and return to this one later.

Mr. Cowan: Mr. Chairman, I am quite prepared to stand this item after I have made some comments with regard to the illegal fill in lake Ontario. I regret that I was not able to complete my remarks on Friday afternoon. The facts that I gave the House of Commons last Friday are easily verifiable, and they are facts. I now come to the realm of plans and purposes in the Toronto area, which are unbelievable and unable to be grasped in a mental picture. If I ask a question of the Minister of the Minister of Public Works, who is not here now, he says, of course the Department of Public Works is seized of the facts. He immediately says, oh yes, he knows all about it and is giving the matter immediate consideration. But I wonder whether the federal government or the Minister of Public Works know what metropolitan Toronto is planning in this regard. They are planning to build a four-lane highway about 700 yards out in lake Ontario running from Scarborough clear over to Etobicoke Creek, a distance of about 20 miles. This is a plan that has been talked about in the Toronto papers and at public meetings for months and months and months.

I have in my hand a copy of the New Toronto *Advertiser* of recent date. It carries a heading that can be seen throughout the house. Right across the top is the heading "Waterfront Plan Rapped. Rats-Stench and Dead Fish". This paper is published in the riding of York West and circulates in York-Humber. It contains comments by various people along the Mimico shore with regard to the plans of metropolitan Toronto to build a highway out in lake Ontario a couple of hundred feet off the shore. The people are arguing: If they build a highway out in lake Ontario a couple of hundred feet in front of our landlots, we will have rats and the stench from dead fish caught in that channel. A meeting was held in New Toronto just a few weeks ago at which the people asked that the highway be built farther out in the lake.

In the name of heaven, does the Department of Public Works never consider what can or cannot be done under the Navigable Waters Protection Act? I took the matter up with a very highly placed official in metropolitan Toronto. I said to this engineering man—and I am prepared to call him a genius —"Have you ever had these plans for a highway out in the lake, off the shore from Etobicoke, Mimico, New Toronto and Long Branch, approved by the Department of Public Works?" He said, "Oh, we cannot submit the idea to the Department of Public Works until we have a plan to show them." They are spending tens of thousands of dollars on engineering details and plans to build a highway in Lake Ontario off the shore of metropolitan Toronto; yet nobody in the Department of Public Works is consulted and nobody in that department asks what the plans are.

The Minister of Mines and Technical Surveys—I am very sorry he is not in his place—has made a number of speeches and I applaud him for so doing. He has said they are going to take every possible action against pollution. Oh yes, we are against pollution; we have to keep the water clear; we have to keep the water clean; we cannot stand for pollution. But does the Minister of Mines and Technical Surveys know that in Toronto they are talking about building a

great big dike enclosing 600 to 700 acres off the Scarborough shore in the east end and filling the area with garbage in order to save a long haul for Scarborough garbage disposal? They want to dump it behind a concrete dike out in lake Ontario off the shore of Scarborough. And that is not all; they want to do the same thing opposite Etobicoke and Long Branch.

You may think I am dreaming. I told you the mind of man could hardly conceive of the idea that these planners have in mind. What does the Department of Public Works know about it or, much less, do about it? I attended a meeting in the town of Mimico during the recess. This was in January before we were called back. I sat on the platform there with Mr. Bousfield. Mr. Bousfield is an engineer in the firm of Proctor, Redfern, Bousfield and Bacon, consulting engineers and town planners. I have in my hand the conceptual plan showing that they are going to build a four-lane highway, golf courses and public parks out in lake Ontario. What does the Navigable Waters Protection Act matter to these boys? They intend doing this in metropolitan Toronto, and somebody in the Department of Public Works is going to say that a golf course does not substantially interfere with navigation any more than two 18-storey apartment blocks interfere with navigation.

At that meeting Mr. Bousfield was asked a number of questions from the floor. I was a newspaper reporter for about eight years before I went into the business side of newspapers. When he was asked about building this highway and these islands out there, the golf course and all the other amenities of life with which they are trying to sell the idea to the lakefront property owners in my area, he said that the idea was based on a massive lake filling plan using all kinds of filling material. Mr. Bousfield said that "all kinds" included clean fill, refuse, hydro ash, and dredge material, from the bottom of the lake, I presume. In answer to a question, "How do you control pollution from the garbage fill", I wrote down that Mr. Bousfield said they would build dikes and—get this—would put sanitary fill there which would be covered nightly. He said there would be pumps behind the dikes to lift the liquids from the fill to keep them from leaking into lake Ontario and to pump the liquids from the fill up to the Mimico sewer system on the mainland.

This is what they are talking about. These are the plans they have drawn. And what does the Department of Public Works do about it? Not a thing. We have public meetings with 300 or 400 people in attendance in this area of Toronto where the people are protesting these plans. Meetings are held with the metropolitan Toronto planning committee. There are two advisory committees, the technical waterfront advisory committee and the lakefront advisory committee, I believe it is called.

I have here conceptual plan No. 2 dated in January. People are busy, nobody is stopping them working, but the Department of Public Works has no interest at all in this matter. I also have here conceptual plan No. 3. This one is for bigger golf courses, bigger highways, bigger playgrounds for children and bigger hotels. I also have here protests from the property owners in the town of Mimico who want to know whether anybody will stop the building of highways out in lake Ontario. Is there nothing that can be done to stop the filling in from the land side which will obstruct the properties of private land owners? These property owners are on a mile and a half of shore and they are protesting these plans.

What happens when people go to the public works department in Toronto? They are told, "We haven't a big enough staff to police the area or check it." In the name of heaven, haven't they men who can go down and see what I can see with my own eyes?

It is now half past four. Forty-eight hours ago I was walking over 70 acres of new fill in lake Ontario in my own riding of York-Humber, which was put into lake Ontario south of the shore without any permission from the Department of Public Works as required by the Navigable Waters Protection Act.

• (4:30 p.m.)

I may say that I have been riding this horse for years and getting nowhere. The Minister of National Revenue, for whom I have nothing but the greatest affection and whom I hold in the highest regard, asks if I will be satisfied if he takes note of what I am saying and conveys it to the appropriate minister. Well, I have taken this matter up with all three ministers of public works since this party came into power. I have taken it up with other members of the cabinet. I have even gone to other ministers whom I would not like to mention now and told them about it. Still, nothing has been done.

I can say that no prior consent has been granted, and I quote Mr. G. Roy McWilliam,

former parliamentary secretary to the former minister of public works, who on June 1, 1965, answered my question. I quote from page 1866 of *Hansard*:

Mr. Speaker, the question of the hon. member for York-Humber (Mr. Cowan) was raised during the oral question period last Thursday. He asked whether the minister could advise the house if any individual or company which has dumped thousands of tons of fill into Lake Ontario between the Humber River and Etobicoke Creek in the past few years received permission in advance as required by the Navigable Waters Protection Act. The short answer to this question is no, Mr. Speaker.

As recently as last July 19 I saw trucks dumping fill into lake Ontario off the shore of Etobicoke. I sent a wire to a certain cabinet minister in Ottawa and asked him if he would send me a wire informing me when permission had been granted to continue filling the lake because we had been told, under date of January 21, 1965, that one developer had to stop filling. I never got an answer to my telegram last July and I have not had an answer to that telegram to this day. I will admit that they stopped filling that afternoon.

I followed the trucks to ascertain where they were getting the fill. I thought that in this case they were getting the fill from the Toronto subway. I was interested to find a basement was being excavated for a Dominion store at the corner of Dufferin and King Streets. There was a line-up of trucks getting fill. They would go about two miles over to Etobicoke, dump the fill into lake Ontario without any permission from the Department of Public Works and return to the corner of Dufferin and King Streets. I followed these trucks in my own car so I know what I am talking about. I was interested in the fact that my wire stopped this procedure, but I have never received an answer to that wire.

What is going on up there is beyond belief. We have the case of Mr. McCallum, the solicitor for the firm that is trying to build the two twin towers, who says that the question of whether the fill is there or not is not of the greatest concern. The reeve of the village of Long Branch, Mr. Thomas Berry, wants this fill put in, and the reeve of this small village of 8,000 population says that the fill is in now and it will not be taken out. "Do not underestimate the power of the developers." This is the reeve of a small village in the province of Ontario advising the government how things are conducted in the village of Long Branch.

[Mr. Cowan.]

I should like to read you two different letters bearing on this matter. After considerable protest from the residents of Long Branch, Mimico, New Toronto, Etobicoke and on my own part, a letter was written by an engineer in the Toronto office of the federal Department of Public Works. I have sat across the desk from this man and talked to him on several occasions. Here is the letter under date of January 21, 1965:

The Director,
Millgate Investments,
2788 Bathurst Street,
Toronto, Ontario.

This department has on a number of occasions received complaints concerning filling operations carried out by you during the last two years at the above mentioned location. At the time these complaints were investigated and reported upon by our engineers, it was revealed that none of the complaints related to possible interference to navigation.

It has been brought to my attention recently that not only has this fill been placed without prior approval of the Department of Works, pursuant to the Navigable Waters Protection Act, but then in addition thereto the fill was left unprotected and consequently caused erosion under the wave action of the lake. I further understand that the eroded material has been deposited along the shore to such an extent that a storm sewer outfall adjacent to the fill is now 150 feet from the shore line, a true indication that the material is being deposited in navigable waters with a possible detrimental effect on navigation.

I was further informed that as of December 1, 1964, the fill extended 470 feet into Lake Ontario with an average width of 300 feet.

May I interject here to say that is about two and a half acres. This land has been valued at either $100,000 or $150,000 per acre and there are over 70 acres of filled land along the shore now. You can see that the people who are playing fast and loose with the Department of Public Works are playing a game worth millions of dollars. This fill extended 470 feet into Lake Ontario in December, 1964. I continue quoting from the letter:

Our engineers—

This is under date of January 21, 1965.

—recommend that adequate steps be taken immediately—

Remember that word "immediately" because I am going to show you how long immediately is.

—to remedy the existing situation to prevent erosion of the fill. It would be appreciated if you could inform us of the method you wish to take to prevent this erosion prior to carrying out this work.

As you are aware, Part I of the Navigable Waters Protection Act generally requires that approval by the Department of Public Works of any work that is to be built in navigable waters.

Furthermore, our engineers recommend that lights be installed at the outer ends of the filled area.

If they want to instal lights at the outer ends of the filled area, you know this is a menace to navigation.

Consequently, pursuant to Section 2(5) of the works in navigable waters regulations made by Order in Council P.C. 1956-1960 dated August 15, 1956, you are hereby required to provide and maintain lights at the outer ends of the filled area throughout the navigation season.

I like the next sentence.

On the assumption that you should immediately comply—

Can the government of this nation not state, you will comply? No, they write as follows:

On the assumption that you should immediately comply with the above instructions and requirements, you are requested pursuant to Section 5(2)(b) of the said act for the purpose of rendering the total existing fill lawful, to apply for approval of the said existing fill five years after its completion.

I cannot believe that any man in the employ of the Department of Public Works would write that sentence without having been told what to put in it. I want to read this five year clause. This earth has been dumped off Long Branch without the permission of the Department of Public Works. We just let it lie for five years and then apply for permission under the five year clause in the Navigable Waters Protection Act.

Section 5, subsection 2, of the Navigable Waters Protection Act reads:

The minister may, subject to deposit and advertisement as in the case of a proposed work, approve of the plans and site of a work after construction thereof has commenced...

(b) if five years have elapsed since completion of construction of the work;

Now, notice the wording here:

The minister may, subject to deposit and advertisement as in the case of a proposed work, approve of the plans and site of a work after construction thereof has commenced...

(b) if five years have elapsed since completion of construction of the work;

The attention of the Department of Public Works was drawn to the fact that fill was being deposited. This thing had not been completed; they were working on it when these facts were drawn to the attention of the Department of Public Works. Then the devellopers are told, we will look on this as though it were completed five years ago and then we can give you approval under section 5 (2)(b) of the act. The letter says that for the purpose of rendering the total existing fill lawful they should apply for approval five years after its completion.

Let it lie in the lake; let the mud go up and down the shore under the wave action. Let the beaches that have been built up for generations be ruined. Then five years later we will say that it has been five years since you did that so we will give you permission. We could not give you permission now because you did not request permission in advance.

I continue quoting from the letter:

Should you fail to adhere to my instructions, consideration will be given for the complete removal of the fill, at your expense, pursuant to Section 5 of the Navigable Waters Protection Act.

Rest assured that it is not my desire to be forced to such radical measures as the forcible removal of the fill placed by you at your expense, and I should be pleased if you would co-operate with me by complying with the requirements outlined above at your earliest possible convenience.

District Engineer, H. & R.
Toronto, Ontario.

• (4:40 p.m.)

That was on January 21, 1965.

In March, 1965, at a public meeting in the village of Long Branch Mr. James McCallum, the solicitor for the firm of real estate developers, admitted that the letter of January 21 had never been brought to the attention of the directors of Millgate Investments until March 4. According to this copy of the New Toronto *Advertiser* which I hold in my hand, the letter was mislaid. The paper says:

Millgate director Sam Muller who attended the meeting said that he was unaware of the federal government's edict.

Reeve Tom Berry, Monday, read a letter written by Millgate counsel, J. F. McCallum, to Mr. Muller in which the lawyer assumed that the Ottawa warning had been passed on from Mr. Muller's "fellow directors" to Mr. Muller.

Mr. McCallum said it was his mistake that Mr. Muller was not informed about the Ottawa letter. The lawyer's letter was forwarded by Mr. Muller to the reeve, to explain why he was not aware of the Ottawa letter.

So the period from January 21 to March 4 elapsed. From January 21 to March 4 I can assure this house that fill kept on being dumped at the property. I saw that happening with my own eyes on numerous occasions. By March 4 the ground had been built level and was some 470 feet from the shoreline. That was why they wanted this fill put in right away. Then suddenly the letter dated January 21 is found on March 4.

I have here the New Toronto *Advertiser* for March 18, 1965, which says:

Lawyer McCallum advised Mr. Muller that Millgate will ask Ottawa for approval of the fill that was dumped and now sits on the lake.

Mr. Scott (Danforth): Would the hon. member permit a question. Is he asserting by the suggestion he has made that Mr. McCallum deliberately withheld communication of that letter until that time?

Mr. Cowan: I am not responsible for the deductions any hon. members may make from facts which I put forward. I am reading from the New Toronto *Advertiser,* and this has never been denied.

Mr. Scott (Danforth): I suggest that that is a slur against Mr. McCallum. My hon. friend should either make a specific charge or withdraw the slanderous insinuation he has just made. He should make that statement outside the house, not inside.

Mr. Cowan: My hon. friend is welcome to his own opinions. I should now like to read a letter, Mr. Chairman, dated June 28, 1965, sent by the Department of Public Works. The house was adjourned on June 30. This letter is with regard to fill going on the property of Millgate Park Investments. The Minister of Public Works writes regarding fill in lake Ontario to the secretary of the Long Branch Lakeshore Property Owners Association:

> I wish to acknowledge your letter of June 3, 1965, and also refer to your letter of June 7, 1965, addressed to the Prime Minister.
>
> I do realize what a vexing and frustrating problem you have in your area created by the dumping of fill into Lake Ontario, and the construction of high rise buildings which mar the skyline. I also realize that sympathy does not help to solve your problem.
>
> The construction of high rise buildings comes under the jurisdiction and is the responsibility of local government who issue the building permit and enforce local bylaws. The federal government has no authority in this particular field.

An hon. Member: Hear, hear.

Mr. Cowan: They never asked for that information; it was given to them gratuitously. The letter continues:

> The Department of Public Works, as administrator of the Navigable Waters Protection Act, can be concerned with Millgate Park Investments Limited proposed development only in so far as it relates to navigation. It is the opinion of the officials of this department that once Millgate Park Investments Limited construct a retaining wall to contain the fill and place navigation lights, the project will not substantially interfere with navigation.

You can see from the letter, Mr. Chairman, dated January 21 that an employee of the department is instructing them to take immediate steps to correct the situation and to report to him what they are doing or he will order removal of the fill at the expense of the people who put the fill in there. On June 28 the Minister of Public Works himself says:

> It is the opinion of the officials of this department that once Millgate Park Investments Limited construct a retaining wall to contain the fill and place navigation lights, the project will not substantially interefere with navigation.

Despite the fact that in answer to one of my questions one of the ministers said that this fill does not interfere with navigation, the minister turns around and under date of June 28 says they should put up lights. The letter continues:

> Millgate Park Investments Limited have requested a delay in submitting their plans for the retaining wall as the type of wall will depend on the kind of buildings to be constructed. This request has been granted.

I want you to note, Mr. Chairman, the word "immediately" in the letter under date of January 21, because in the letter under date of June 28 the minister himself writes:

> Millgate Park Investments Limited have requested a delay in submitting their plans for the retaining wall as the type of wall will depend on the kind of buildings to be constructed. This request has been granted.
>
> I understand that Millgate Park Investments Limited are negotiating at the present time with the local authorities as to the type of building to be constructed on their site.
>
> I wish to assure you that this department does not consider your problem to be a small one, and as requested you will be advised when a definite decision on the Millgate Park Investments Limited project is made by this department.

And now, Mr. Chairman, this problem of Millgate is further made interesting by the fact that the deed to the waterlot granted by the province of Ontario to a Mr. Thomas J. Wilkie in 1889 has in it a clause seldom found in a land grant from the Crown. This matter was discussed in detail with two of the highest officials in the Department of Lands and Forests of the province of Ontario, who were amazed to find a handwritten clause in the body of the deed. As I say, it is handwritten and says in the last paragraph:

> This grant is accepted by the grantee upon the condition and understanding that should any claim be made or preferred to the above premises or any part thereof by the government of Canada or its grantee, or otherwise as to the validity of this grant, the grantee hereof shall not be entitled to claim compensation from Her Majesty or the government of this Province by reason thereof.

The title to the land is in jeopardy, and it is so stated here on the title. But no effort has ever been made to prove title. It has been allowed to be transferred to Millgate Park Investments and they are filling in a waterlot which the ablest lawyers we have been able

to engage—and they are able lawyers indeed —tell us cannot be filled in because waterlot privileges only exist for tying up of boats. In answer to my questions I was told that waterlots can be filled in, and that answer was given by the highest officials of the Department of Public Works.

I have in my hand a real estate development blueprint given me by the township of Etobicoke showing a waterlot granted in 1891 to Mr. C. Nurse, which takes in the mouth of the Humber river. Looking at this plan and realizing that waterlots used to be sold by the provincial Crown to men on the shore, it appears that the lots were purchased so boats could be tied up at night and at week ends. Mr. Nurse's waterlot is in the mouth of the Humber river and extends into lake Ontario. Depending on where the wind was, he could tie up his boats either in lake Ontario or in the Humber river, and he would not cause offence to anyone.

Now, according to the way the Department of Public Works administers the act, the man who gets legal title to Mr. Nurse's waterlot at the mouth of the Humber river can fill in the river if he wants. And nobody can stop him because the Department of Public Works say that you can fill in waterlots. That is why Millgate has been allowed to do this. That is why all these waterlots from the mouth of the Humber west toward New Toronto have been filled in.

If you can fill in waterlots, then the man who has the title to Mr. C. Nurse's waterlot granted in 1891 can fill in the mouth of the Humber river. I do not think the people of that part of Ontario will stand for that for one moment. Neither do I think the taxpayers of Canada will stand for having river mouths filled in by real estate developers, who build along the shores of lakes and look for places where they can build high rise apartments or hotels, knowing that the Department of Public Works will give them its blessing to build up this free land which, in the case of metropolitan Toronto, is worth as much as $150,000 an acre.

If a precedent of that sort is allowed to remain, then these lots will be extended from where I live along to the city of Hamilton and to the city of St. Catharines.

People say that the provinces do not sell waterlots any more, that their policy has changed. Policies change overnight. The province may not be selling waterlots today, but what is to stop the state of New York selling waterlots along the south shore out to the international border? Then the developers could put land fill in them. They would also be able to say that that does not interfere much with navigation. All a boat has to do is get in on the Canadian side of lake Ontario and get by the land fill projecting from the U.S. side.

• (4:50 p.m.)

It seems as if the province of Ontario can sell waterlots on the south shore of Norfolk county out to the international boundary. The waterlot owner could fill it in and if somebody complains that there is an interference with navigation, then they could be asked to go around to the American side to get around this land fill. The Department of Public Works rules that land fill, once the province has been persuaded to sell a waterlot, is all right. I submit that waterlots cannot be filled.

The hon. member for Timiskaming a moment ago used the word "filibuster". I regret that. I am not attempting anything like that. All I am asking is that the government direct a reference on this matter to the Supreme Court of Canada to determine what are the legal rights of the owners of waterlots in the Dominion of Canada. Can they fill them in and thereby cause an obstruction to navigation? The Navigable Waters Protection Act refers to navigation; it does not say substantial navigation, because navigation can be in a canoe. The act does not say that it applies to commercial navigation. As I say, a canoe can be included under the act. It does not say that it applies to the *Queen Mary*. In fact, it does not state the size of the ship. As much as anything else, under the act a canoe can be classified as navigation. It refers to anything that interferes in any way with navigation. I am again asking for about the tenth time for a reference to the Supreme Court of Canada as to what are the legal rights of owners of waterlots.

There are some who say, "Oh, yes. Surely the hon. member for York-Humber will ask the minister responsible to carry this inquiry to the cabinet; the cabinet will consider it, there will be a decision and then the minister will be in a position to answer him". By that time Millgate Investments will have completed its project. By that time it will be too late for the answer, "We have looked into this matter and we have decided it was not legal," to be effective.

I say, get the ruling now. I read a letter last Friday in which it was said that approval of the retaining wall is being held up during these discussions. I said then, why could the

department not have written, "We are considering the request for a retaining wall?" I beg your pardon. The wording of the letter, as found on page 3218 of *Hansard*, is as follows:

Approval of this application is being delayed pending full investigation and report of complaints received against approval of the sea wall.

Millgate has submitted plans for a retaining wall consisting of eight by eight piles. What is interesting is that fill in the lake now is at the 470 foot mark. According to the letters of the Department of Public Works, the application to the Department of Public Works for the retaining wall shows in the plans that this will run out into the lake for 540 feet, not only containing the fill but also extending the area to 540 feet, with no restrictive action taken by the Department of Public Works.

When I brought this up first I was told to speak on the estimates. When I tried to speak on this question on the main estimates for the Department of Public Works for this year, I was jockeyed out of it while having supper. I do not want to make any comments, but I will not be jockeyed out the second time, I can tell you.

Then I was told, "Bring this matter up on the main estimates for 1966-67". I asked the Minister of Public Works when his 1966-67 estimates would be up and he informed me that the opposition chose the departments which would be referred to committees for study. I must say this: I am a dumb bunny from Toronto; I am not very smart; I am not a lawyer, but I know something. I know that it is not the opposition which chooses the estimates of the departments to be taken up in committee discussion. That is why I am speaking on the 1965-66 supplementary estimates and I can tell you, Mr. Chairman, that I am looking for some satisfaction in this matter. I am looking for some satisfaction to find out who is persuading the federal government to turn two blind eyes on this matter. Land worth $150,000 an acre is being built in Lake Ontario, a public waterway which comes under the Navigable Waters Protection Act and even under the International Boundaries Treaty of 1909—

The Chairman: Order, please.

Mr. Cowan: I want action. I do not want more promises.

The Chairman: Order, please. I must advise the hon. member that the time allotted to him has expired. Shall the item carry?

[Mr. Cowan.]

Mr. Peters: Mr. Chairman, I believe we had an agreement with the minister to stand item 1 temporarily.

Mr. Benson: That was agreed, Mr. Chairman. It was agreed that we stand item 1 of the Department of Public Works so that the minister might comment on what the hon. member has said. I have been in touch with the minister to this end.

The Chairman: Order. Is it agreed that item 1e stand?

Some hon. Members: Stand.

Item stands.

1967 World Exhibition—

57e. Toward federal government's share of the cost of construction of an ice control structure, $800,000.

Mr. Howard: Mr. Chairman, this is an item seeking approval to spend $800,000 toward the federal government's share of the cost of construction of an ice control structure at Expo '67. Earlier, when the estimates of the Department of Trade and Commerce were before the house, we were told it was estimated that the government of Canada or the public treasury of Canada would need to provide something in the neighbourhood of $60 million to balance the books of Expo '67 after it had wound up its affairs.

Here we have another $800,000 toward the cost of constructing an ice control structure which I assume arises out of the building of a superfluous island. I wonder whether the minister can tell me what is the total cost of the ice control structure, what is Canada's share, and whether the ice control structure was occasioned partly by the building of the additional island?

Mr. Benson: Mr. Chairman, in order to counteract the effect of the construction of the world fair site in the St. Lawrence River at Montreal it was necessary to construct an ice dam located upstream from the Champlain bridge in the Laprairie basin. The ice dam is required to protect efficiently the existing and proposed installations at the world fair site, to assist in the prevention of ice fields in the Verdun and Lachine areas, and to assist to maintain the proper water level in Montreal harbour.

The estimated cost is $16,308,000 of which expenditure $6,258,000 was previously approved in 1964-65. Provided in the main estimates of 1965-66 was $6,750,000. Montreal's share is $1,318,000. The balance required

to complete the work is $1,182,000 and the amount which is still required to be voted is the $800,000 requested.

Mr. Howard: The figures came fast and furious and I am sure I have them incorrectly. Do I understand that the total cost of the structure is $16,308,000?

Mr. Benson: Correct.

Mr. Howard: And of this the city of Montreal contributes $1,318,000 and the government of Canada contributes the rest?

Mr. Benson: Yes.

Mr. Howard: The taxpayer of Canada contributes the difference between $1,318,000 and $16,308,000? Is that correct?

Mr. Benson: Yes, that is right.

Mr. Howard: If this is correct, I must say that it is an extremely high price for Canada to have to pay merely for the statue of Mayor Drapeau of Montreal. If the engineers of Expo '67 in the first place had built on one of the islands already existing in the river instead of making this artificial one, perhaps we should not be searching for $15 million or $16 million to pay for the cost.

The Chairman: Shall the item carry?

Item agreed to.

• (5:00 p.m.)

The Chairman: This completes the estimates of the Department of Public Works except for item 1e. The next item will be vote 15e of the Department of Citizenship and Immigration.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian Affairs—

15e. Administration, operation and maintenance—to extend the purposes of citizenship and immigration vote 15 of the main estimates for 1965-66 to authorize special payments in respect of social assistance to persons other than Indians residing on Indian reserves and to authorize special payments in respect of the education in Indian schools of children other than Indian children and to provide a further amount of, $1,000,000.

Mr. Baldwin: I have a brief observation to make about this item. Like subsequent items, it has to do with a program to make housing available to Indians.

Several months ago in my constituency there was a march by a number of Indians from the reserve in the Hay lakes area of Edmonton. The principal cause of their complaint was an acute shortage of any type of housing. I had been in the district a short time earlier. Winter was approaching and it was obvious that the Indians who had moved into this area to take advantage of school facilities would have to face a very difficult problem. Although I made some representations, nothing was done, and what happened was a natural consequence.

I cannot discuss this subject intelligently without making reference to the statement made by the Minister of Northern Affairs and National Resources the other day. I give the government full credit for the program which was announced at that time even though I believe it is not enough. I am not blaming this particular government, but I think this program has come 30 years too late. No doubt we shall have an opportunity in the standing committee to discuss this matter. I am afraid that the government and the officials of the department may well formulate a program without regard to some of the surrounding circumstances which are most important, especially in the far northern areas of our country.

In those areas difficulties connected with economic circumstances will have a lot to do with the selection of suitable housing sites. In earlier days, when housing was of a rude kind, it was all very well to establish settlements of a temporary nature. When economic conditions changed or education became an issue the Indians could move on. However, when the government establishes a community complete with plumbing and all the facilities we expect today in our part of the country, it sets up something much more permanent. At the present time in the north the patterns of social and economic advance are being established. One of the great difficulties encountered by Indian children is their inability to pursue a course of study in the later grades. They are unable to do their homework properly in the houses they occupy. This may seem a picayune matter, but one of the great problems facing the Indian people today is their lack of education which in turn prevents them from taking their place in society.

Before the officials of the Indian Affairs Branch proceed to establish these housing areas where communities are to be established it is important that they should obtain from those concerned, the Indian people who live in the areas, and from the provincial authorities complete information so that we do not create a situation where in four or five years many of these houses will be abandoned as the Indians move on to other places

in search of economic advantage or schools for their children. The officials should proceed with the utmost caution so as to ensure that this plan will conform with the needs of the Indian people in the areas where the houses are to be built.

Mr. Barnett: Could the minister give us a little information about this item? As I read it, it is one of those legislative items inasmuch as its purpose, in addition to the provision of money for Indian education, is to extend the purposes of vote 15 of the main estimates in respect of certain payments of social assistance to persons other than Indians residing on Indian reserves, and also to make some provision for the education of non-Indian children in schools on the reserves. Is this part of reciprocal arrangements which are being worked out with the provinces in these fields of social assistance and education?

Mr. Benson: In brief, I can tell the hon. member this. A cabinet decision of January 5, 1966, authorized the Citizenship Branch to make annual grants to the Canadian Association for Adult Education and l'Institut Canadien d'Education des Adultes during the five year period from 1965-66 to 1970-71 in amounts equivalent to the lesser of $30,000 or one third of each agency's annual expenses exclusive of expenditures incurred for projects already subsidized by a federal agency. An amount of $10,000 had been included in the main estimates to provide for the annual grants to these organizations as in previous years. Total additional requirements amount to $40,000.

Mr. Barnett: I did not hear the beginning of the minister's remarks but I understand this item arises out of arrangements with the Canadian Association for Adult Education and the equivalent organization in Quebec. I have one other question and it concerns the $300,000 item for travel by Indian pupils. Why is this additional sum required? Is this an ancillary vote related to the other item for $700,000 which has to do with the education and maintenance of Indians? In other words, is it an additional travelling expense necessitated by placing an increasing number of Indian children in schools operated under the public school systems of the provinces or has it to do with additional travel by Indian pupils to and from their regular schools?

Mr. Benson: Perhaps I can read the explanation I have. The Auditor General in his report to the House of Commons for the fiscal year ended March 31, 1965, questioned the authority of the branch to make education expenditures on behalf of non-Indians other than on a recoverable basis. Our legal adviser contends that the wording of vote 15, "grants, contributions and special payments, including those specified in the subvote titles in the estimates", authorizes us to make the expenditures. It is his opinion that while the payments in question are not specified in the subvote title in the estimates, the words "including those specified" indicate that the subvote titles are not exclusive and the "Mowat ruling" would be applicable in this instance and the payments would be properly made.

• (5:10 p.m.)

However, in order to obviate the necessity of further comments by the Auditor General it is proposed to change the vote wording and include the words "special payments in respect of the education in Indian schools of children other than Indian children". The reason for including that is simply so that where there is someone else on a reserve, such as an Indian agent, his children may also go to school without a comment from the Auditor General. The amount of money which is required is $700,000 for the tuition and maintenance of Indians in non-federal schools and $300,000 for the travel of Indian children to and from schools.

Mr. Barnett: To and from non-federal schools?

Mr. Benson: Yes.

Mr. Cowan: The minister read a very learned legal opinion on this Indian affairs matter and he got the opinion very quickly. Could the Department of Public Works not get a legal opinion from the Supreme Court of Canada that fast with regard to water lots?

Mr. Benson: It was not quite that fast. I have had this in my hand ever since the estimates were first submitted.

Item agreed to.

20e. Construction or acquisition of buildings, works, land and equipment, $500,000.

Mr. Barnett: Could the minister tell us whether this is in effect an advance appropriation under the program which the Minister of Northern Affairs announced recently with regard to the construction or acquisition of building, works and land? Is this in effect an initial payment in order to get that program under way?

Mr. Benson: I do not think this item is specifically attached to that program. There was an acceleration started last summer in the building of Indian residences and so on. One million dollars was provided in the previous estimates during the year for this purpose and this is the provision of an additional $500,000.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

5e. Contributions to the provinces, pursuant to agreements entered into with the approval of the Governor in Council by Canada with the provinces, to assist in the development of roads leading to resources, $600,000.

Mr. Howard: This item deals with the so-called roads to resources program and because of the time element I want briefly to put in a plea once more for the Stewart-Cassiar road in British Columbia. During the time the Conservative government was in office it was originally agreed that this road would be financed on a 50-50 basis with the province of B.C. to the extent of a total of $15,000,000 over a period of five years, with a maximum of $1½ million contributed each year by each of the governments. Toward the end of the five year period, which I think was about 1963, the government of Canada admitted that it had made an error in calculation so far as the time element was concerned and agreed with the province of British Columbia to extend the time of the contract from five to ten years.

I submit that the government of Canada, because it entered into a commitment with the government of B.C. in 1958, should have admitted that it made another error, one with respect to the estimate of cost, and inasmuch as it agreed to revise the time factor within the contract from five to ten years it should also have agreed to extend the cost factor and continue its contributions on a 50-50 basis with the province until the completion of that all important north-south access highway. When the federal government decided not to make any further contribution once it had reached its maximum of $7½ million, construction of the highway stopped at the edge of a creek in the wilderness and the road was left not maintained and without any construction on it for a good two seasons. This was a shameful way to treat the hopes and aspirations of people in the north who looked forward so much toward the completion of the highway.

It is also true that the provincial government was at fault in the matter because it did not continue the construction program for those two seasons, but it has since embarked on the construction and completion of that highway on its own. However, it will take a longer period of time for the province to complete the highway by itself. I submit that the government of Canada has a moral obligation. It made a moral commitment in 1958. True, it was a government of a different political stripe from the one we have now but it made a moral commitment to the people of B.C. that it would assist in the financing of the construction of the Stewart-Cassiar road to its completion.

It made an error with respect to computing the time which was adjusted. It also made an error with respect to estimating the cost which was not adjusted. Once again I make an appeal on behalf of those people in B.C. who are vitally interested in the early completion of this road and on behalf of British Columbians generally that the government re-assess its position and reinstitute this roads to resources program so that we in B.C. can benefit to the extent promised in 1958.

Mr. Peters: Mr. Chairman, when the original estimates were before the committee I asked for a designation of the various projects going on in northern Ontario and the minister agreed to provide me with that. However, I have not received it yet. I suppose I could insist on the designation now, but if there are projects going on in northern Ontario I would appreciate it if a list were sent to my office.

Mr. Benson: I shall undertake to bring this to the minister's attention.

Item agreed to.

The Deputy Chairman: May I ask the minister if we are also to approve the remaining items under Northern Affairs and National Resources?

Mr. Benson: Yes.

10e. Contributions to the provinces, pursuant to agreements entered into with the approval of the Governor in Council by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for campground and picnic area developments, $100,000.

• (5:20 p.m.)

Mr. Herridge: What is done by the federal government to check the work that is done by the provinces? I ask this question because

on one occasion I became aware of an inventory agreement arranged with the government of B.C., and I may say I also know something about cruising timber. On that occasion I found out that the federal government had not made any check on the claim by the provincial government with respect to an inventory survey in a certain area. What is done to satisfy the federal government that this money is being expended properly as a result of the agreement?

Mr. Benson: Mr. Chairman, I of course would have to take this up with the Minister of Mines and Technical Surveys to obtain a detailed answer. I would be glad to do so and before the money is paid I will undertake to obtain a memorandum from the Minister of Mines and Technical Surveys concerning this item.

Item agreed to.

12e. Subventions under agreements entered into pursuant to the Atlantic Provinces Power Development Act in respect of electric power generated from eastern coal during the fiscal year 1965-66, $700,000.

Mr. Peters: Mr. Chairman, is this the total of the subventions we have paid under this item for the year?

Mr. Benson: No. The total amount required was $2,500,000 of which $1,800,000 had been provided in previous estimates. This is to provide for the balance.

Item agreed to.

45e. Administration, operation and maintenance including grants and contributions as detailed in the estimates, $1,400,001.

Mr. Howard: Mr. Chairman, there is an item of $18,600 here as a contribution to the Northwest Territories government toward the cost of construction of a water line to the Yellowknife jail. What is the total cost of constructing the water line and what is the federal government's contribution to it?

Mr. Benson: The total amount required from the federal government is $72,000 of which $53,400 had previously been provided. The sum of $18,600 is being provided in this particular item.

Mr. Howard: What is the total cost?

Mr. Benson: Again the reference I have is $72,000. I just do not have the information here. The lowest tender for the construction required a contribution of $72,000. An additional item of $18,600 is required to pay the territorial government for the balance of our contribution of $72,000. I do not have the total cost but I will be glad to supply the information to the hon. member.

[Mr. Herridge.]

Mr. Howard: It seems to me that a water line to the jail at Yellowknife costing a minimum of $72,000 must be quite a water line.

Item agreed to.

The Deputy Chairman: This concludes the supplementary estimates of the Department of Northern Affairs and National Resources. We will now consider the supplementary estimates of the Department of Agriculture.

DEPARTMENT OF AGRICULTURE

Production and marketing—

17e. Grants, contributions and subsidies in the amounts and subject to the terms specified in the subvote titles listed in the details of the estimates, $42,439,500.

Mr. Howard: Mr. Chairman, it seems to me that everything happens at Skeena all at the same time. One thing happened in the last few days which I feel I must mention here under this item. It involves the proposal to build an addition to the grain elevator in the city of Prince Rupert. Initially the grain elevator was built in 1926 or thereabouts. At that time it was designed so that its structure could be duplicated on the other side, thus doubling the capacity of the elevator. For the last six years at least there has been a rather concerted campaign by interested organizations and groups in Prince Rupert and by myself to get the elevator extended, especially in view of the large grain shipments which are being made through western ports to China and we hope to other nations as well.

We were pleased when the Minister of Northern Affairs and National Resources, who presumably makes all announcements about things in British Columbia, announced that the government was going to proceed to construct the addition to the grain elevator, but we were not so pleased last Friday when a decision was made not to proceed with the construction because of what were claimed to be inordinately high tenders.

I would like to submit two points for consideration of the department. First, I think that the department itself or the Board of Grain Commissioners, whichever one did it, underestimated the potential cost of adding to the grain elevator. I believe that by underestimating they were able to look at the final bids which were submitted and say they were inordinately high and construction could not be proceeded with. If one looks casually

at the estimated cost of the construction of the grain elevator, one will see that the estimated cost of the addition has been static for the last four or five years. Obviously no account has been taken of economic pressures and the increase in construction costs which has taken place.

The Minister of Agriculture answered a question of mine yesterday by saying that the government was going to wait until construction costs declined before building the extension to the grain elevator. This means in effect that the minister is not going to proceed at all with the construction of the elevator. Everyone, including the government itself, is predicting that costs will go higher and higher, is predicting an increase in the gross national product in the years ahead, and increase in the money supply in the years ahead and an increase in economic activity in the years ahead. All these things cannot take place without construction costs also being higher.

Therefore, Mr. Chairman, if the Minister of Agriculture is going to wait until construction costs decline before he proceeds with the addition to the grain elevator at Prince Rupert he is going to wait for a depression because that is the time when the costs might come down to a level which he might consider to be correct. We cannot afford to wait that length of time. I submit that we have waited long enough in Prince Rupert for a recommendation in respect of a new port and agreement from the government to the idea of the grain elevator being extended. It is very discouraging now to have the government say that they cannot carry out that proposal because of an underestimate in respect of the initial cost of the project on the part of the government and, second, its inability to see that when tenders were called they would result in higher bids than normally would be the case because of the expansion and the boom in the economy. I think this casts a very serious reflection upon the government.

The judgment of the Minister of Agriculture and the department, when they decided not to proceed with letting contracts for the construction of the grain elevator in Prince Rupert, is a slap in the face to the people of Prince Rupert. It means in so far as the government is concerned that it would rather, one way or the other, directly or indirectly, build up Canada's grain shipping facilities in the Vancouver area and continue to look on Prince Rupert as being sort of an orphan in respect of the shipment of grain in Canada.

I wish to put these ideas on the record now because of the decision made last Friday not to proceed with the construction of the grain elevator which I think was a grave error, and I urge the Minister of Agriculture to reconsider and look upon this matter with some favour.

• (5:30 p.m.)

Mr. Herridge: Mr. Chairman, there are two items, $40,700,000 and $1,663,000 representing payments to the Agricultural Stabilization Board account and the Agricultural Products Board account. Could the minister tell the committee the total amount paid out during the year under these two items?

Mr. Benson: Mr. Chairman, the $40,700,000 is the estimated amount required to recoup the agricultural commodities stabilization account to cover the net operating loss of the Agricultural Stabilization Board to March 31, 1966. To go through the individual items of payments would take a great deal of time. They involve payments on the purchase and sale of butter oil, for example.

Mr. Herridge: I would not ask the minister to do that now. I asked the question because I was not sure whether this was the total to cover the net loss.

Mr. Benson: Yes, it is.

Mr. Rapp: Mr. Chairman, with regard to the $40,700,000 to cover the operating loss of the Agricultural Stabilization Board, was that loss incurred in regard to deficiency payments on butter and cream or to what commodities does it apply?

Mr. Benson: Mr. Chairman, I could show the hon. member the breakdown I have here. It involves a great many commodites including butter oil, butterfat, milk, wool, eggs and sugar beets, for example.

Mr. Rapp: The breakdown is available?

Mr. Benson: Yes, it is available and I would be pleased to show it to the hon. member.

Item agreed to.

Plant and plant products—

35e. Grants, contributions and subsidies as detailed in the estimates, $20,900.

Mr. Peters: Mr. Chairman, I notice there are only two grants enumerated here but I

know other provinces, including the province of Ontario, have received grants in similar circumstances. The province of Quebec recently made available approximately $9 million in additional aid to the farmers of the Lake St. John area which had an excessive amount of rain in 1964 and 1965. Is the minister in a position to tell us whether that $9 million has been implemented under the 1964 program that is dealt with here or will it be included in the new estimates?

Mr. Benson: As I understand this particular item, the $550,000 is to finish up the payment with respect to the amount agreed to be paid to the province of Quebec. The federal government contributed on a 50-50 basis to payments made to farmers in drought areas. This is the balance to clear up those payments. A similar program was carried out in Ontario, as the hon. member will no doubt recall, and I think also in British Columbia.

Mr. Peters: I raised the question because in the Throne Speech in the legislature of the province of Quebec it was stated that an additional $9 million, I believe, would be made available for the Lake St. John farmers. I presume, and I am only guessing, that this payment will be made under the joint program under which the provincial government makes a contribution on a 50-50 basis with the federal government.

I raise this matter because the province of Ontario has been very lax in their agreements with regard to the farmers and the assistance they have provided to them. While it may not be the responsibility of the federal Minister of Agriculture to extend the program, I would point out that many farmers in northern Ontario have suffered several years of crop failure because of adverse weather conditions and are not receiving the degree of assistance that is apparently available elsewhere. I thought that perhaps the minister was aware from the figures which have been presented whether the additional $9 million being provided by the province of Quebec had already been applied or would be included in the forthcoming estimates.

Mr. Benson: Mr. Chairman, I really am not familiar with the matter concerning this $9 million. I will bring the comments of the hon. member to the attention of the Minister of Agriculture who is very familiar with this program, and I will ask him to inform the hon. member.

Item agreed to.

[Mr. Peters.]

Health of Animals—

40e. Administration, operation and maintenance, $216,000.

Mr. Rapp: Mr. Chairman, I would like to ask the minister whether this $216,000 for the construction or acquisition of buildings, works and land is for the new veterinary college in Saskatchewan or is it for repairs or something of that sort?

Mr. Benson: This particular item of $216,000 represents the extra construction costs of the quarantine building at Grosse Ile, Quebec.

Mr. Rapp: Is it the intention of the government to go on with the construction of the new veterinary college which has been approved?

Mr. Benson: I would have to raise this matter with the Minister of Agriculture.

Item agreed to.

Farm Credit Corporation—

90e. Estimated amount required to provide for the operating loss of the Farm Credit Corporation for the fiscal year ending March 31, 1966, $1,160,000.

Mr. Herridge: I have just a brief question, Mr. Chairman. This item covers the estimated amount required to provide for the operating loss of the Farm Credit Corporation for the fiscal year ending March 31, 1966, and the amount is $1,160,000. We have always considered this to be a very sound operation. Could the minister explain why there was an operating loss shown for this corporation last year?

Mr. Benson: Mr. Chairman, the purpose of this supplementary estimate is to obtain a parliamentary appropriation to compensate the Farm Credit Corporation for its anticipated net operating loss for the fiscal year ending March 31, 1966, and thus enable the corporation to hold its reserve account of $1,644,527 as of March 31, 1965, as security against the risk of capital loss inherent in any credit corporation.

Item agreed to.

95e. Payment to the Farm Credit Corporation for carrying out the purposes of the Farm Machinery Syndicates Credit Act, $75,000.

Mr. Rapp: I have a short question, Mr. Chairman. Is this $75,000 to cover the operating loss of the farm machinery syndicates under the Farm Credit Corporation or is it just an advance to establish farm machinery

syndicates, which was approved last year under the previous minister of agriculture?

Mr. Benson: The Farm Machinery Syndicates Credit Act was proclaimed on December 11, 1964. At that time an advance of $50,000 was obtained by the Farm Credit Corporation under section 82 of the Financial Administration Act to provide current operating funds for the purpose of administering the Farm Machinery Syndicates Credit Act. Funds were appropriated to this end by parliament in the 1964-65 final supplementary estimates. A further advance of $75,000 was obtained in July, 1965. This advance was to be repaid at such times as parliament appropriates funds for such purposes. Here we are appropriating funds so they can repay the $75,000.

Mr. Rapp: It is not an operating loss?

• (5:40 p.m.)

Mr. Benson: No. I am told there are only estimated figures at this time with regard to the financial results for the entire year.

Mr. Peters: Does the minister have before him the figures for the amount that has been lent for farm machinery syndicates and the number of farmers involved?

Mr. Benson: I do not have the number of farmers involved but business for the 1966-67 fiscal year is forecast at $3 million.

Mr. Alkenbrack: Is the minister of the opinion that the farm machinery syndicates will continue to operate? According to reports last year and answers to questions I asked, it was not a success. Would the minister be able to tell us whether it will carry on in the coming year?

Mr. Benson: All I can say is that according to the notes I have been given by the Department of Agriculture it is forecast it will do $3 million worth of business in 1966-67 so presumably it is going to continue.

Mr. Alkenbrack: According to answers to questions I put on the Order Paper last autumn, about 75 per cent of these loans were going to the province of Alberta. Would the minister be able to clarify the reasons for that?

Mr. Benson: I really could not do that. I do not have an analysis of the operation, which is the responsibility of the Minister of Agriculture. I am sure that if the question is brought up when the estimates of the Department of Agriculture are being considered either in the committee or in the house, which should be in the very near future, the minister will have the officials of the operation give a full explanation.

Mr. Alkenbrack: Could the minister forecast, now that the Minister of Agriculture comes from a different province than Alberta, that the loans might be more fairly distributed across the dominion than they were last year?

Mr. Benson: Mr. Chairman, I could not really let that comment go without an answer. I sincerely believe that the fact the Minister of Agriculture was from Alberta would not in any way affect the granting of loans in Alberta, knowing the former minister as a person.

Mr. Kindt: In view of the fact that the question of loans in Alberta has been raised, it would be fine if the minister could obtain the amount of the loans made in Alberta. The minister has said this information is not available at the moment but I do not feel we should pass this item without an answer to that question.

Mr. Benson: As I mentioned previously, we are dealing here with the final supplementary estimates. We are not dealing with the main estimates for the year. I have undertaken to get the information. I do not have it here, I would have to get it from the Minister of Agriculture. The corporation is not going out of existence; it is going to continue. Hon. members will have every opportunity to question its operation fully, I am sure.

Item agreed to.

DEPARTMENT OF DEFENCE PRODUCTION

11e. Reimbursement of Queen's Printer's advance account for the value of stores which have become obsolete or unserviceable, $44,477.

Mr. Irvine: I should like to ask the minister if he has information available on what stores of the Queen's Printer are covered by this particular item?

Mr. Benson: Yes, I have the details here. This is a reimbursement of the Queen's Printer's advance account for the value of stores which have become surplus, obsolete or unserviceable and were declared to Crown Assets Disposal Corporation for disposal. The material is as follows: Equipment maintenance stores—this item consists of spare parts for letter press—surplus; miscellaneous maintenance supplies—surplus and obsolete;

tools and component parts—surplus and obsolete; electrical supplies—obsolete; equipment parts—obsolete. This totals $24,941.98.

Printing materials—obsolete, $18,209.60; paper stock—obsolete due to damage, $167.15. Then there is residue dross metal from skimming melting pots. Metal which has impurities cannot be used in the composition process. It is skimmed from melting pots and salvaged, then declared surplus, priced at scrap value and sold as scrap metal. This amounts to $398.63.

Residue gold foil, $759.64; residue gold foil in inventory when the printing bureau ceased the gold foil bindery operation. It was declared surplus to Crown Assets Disposal Corporation and sold by Crown Assets Disposal Corporation to the Royal Canadian Mint. This makes a total of $44,477.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

1e. Administration, operation and maintenance including grants as detailed in the estimates, $474,100.

Mr. Herridge: I just have one question to ask. I have noticed that in recent years the government has been giving a free, all expense paid tour to the editors of the weekly newspapers in Canada. I think on one occasion they went to the United States and they are in Europe now. Can the minister inform the house which department pays for the expenses? Does it come under external affairs?

Mr. Benson: I am not familiar with the particular matter about which the hon. member is speaking. I do not believe it comes under external affairs. However, I will look into it and see if the government is paying for such tours and, if they are, which department is paying for them or which crown corporation if it is a crown corporation. I will supply my hon. friend with the information.

Item agreed to.

DEPARTMENT OF INDUSTRY

15e. To provide that the amount appropriated by section 5(1) of the Area Development Incentives Act may be credited to the area development account from time to time as required; notwithstanding section 5(3) of the Act, to authorize payments out of the consolidated revenue fund up to the amounts credited to the account; and to authorize total commitments in respect of development grants under the act in the current and subsequent fiscal years not exceeding $100,000,000, $1.

[Mr. Benson.]

• (5:50 p.m.)

Mr. Peters: I have several hours of discussion I should like to undertake concerning the Department of Industry. I cannot think of any better place to undertake it than on this dollar item because I think that is about the value of the Department of Industry in the field about which I am concerned, namely, designated areas. As we are ending the fiscal year 1965-66 I feel I must raise this point owing to the many statements made in the recent election campaign by the Prime Minister, particularly in my area and in other points in northern Ontario, regarding the problem which has developed in terms of the area development incentive program.

We in northern Ontario were shocked, after the house had discussed for some time the criteria to be applied, to find that the criteria were being bastardized by the Prime Minister and the premiers of some provinces. I think members from British Columbia would be surprised to find that only one area has been designated in British Columbia and that is within the premier's own riding. This is also true in the province of Ontario where the riding of the Prime Minister has more designated areas than any other riding.

I suggest that this sort of designation takes no consideration of the terms of the criteria decided upon by the house. These designations were political manipulations by the premiers of the provinces in conjunction with the Prime Minister and were arrived at at the joint federal-provincial conference. I think it is a disgrace that such is the case, particularly in view of areas like mine which do not meet the criteria but are in a position to take immediate advantage of the opportunity offered if they were designated.

In my opinion this was a very worth-while program. It had the potential of helping many areas to help themselves in changing from primary industry to secondary industry as a result of the aid provided by the incentives. I think it is a shame that the result of the program has been far less promising than anticipated by all members of the house when the program was initially established.

The political implications of these designations are certainly not to be desired and in my opinion should not be extended. This program should be re-examined by the house. Particular consideration should be given to all of northern Ontario, though I speak only for the area I represent, and all districts in Ontario. It is not to our advantage to have a community situated in the Prime Minister's

riding compete with other areas which have not been designated. Areas should be designated in a way which removes competition, in this case very unfair competition, so that full advantage can be taken of natural development in industrial areas.

One company in my area applied for designation under the old criteria and they were informed they would be considered as being adjacent to a designated area under the terms of the act. But that consideration has not been given. The community involved wished to apply to the Prime Minister personally and spend 15 to 20 minutes with him at a meeting he is going to hold in his own riding this coming week. The Prime Minister refused an invitation to communities who wished to be represented so they could discuss this problem, though they were invited to a social reception followed by a dance and party. As the reeve of my municipality indicated to me, he was very interested in meeting the Prime Minister to discuss this question but was not particularly interested in the social aspect of the occasion.

I do not intend to go into the matter now. To do so would be unfair to the minister who is really being abused by having to handle so many other departments in the absence of their ministers. It would also be unfair to my constituents, in fact to the people of northern Ontario in general. Regular meetings are being held by the northeastern development organizations, the northwestern organizations and the mayors and reeves of the municipalities in northern Ontario, all of whom have endorsed the idea of designating all of northern Ontario. All are aware that this is the only way to assist municipalities in northern Ontario.

We have received feelers from a number of companies interested in industrial development but we are awaiting the final decision of the government regarding the criteria and their implementation. Many areas in northern Ontario will never meet the unemployment criterion because in northern Ontario it only means transferring people to Toronto where employment is available and the problem is solved.

We are not really interested, Mr. Chairman, in relocating our population. We are interested in relocating industry and expanding secondary industry. This can only come about through a re-examination of the criteria and of those areas already designated, particularly those areas designated through a federal-provincial conference of the premiers and Prime Minister of this country.

This is only a $1 item and it is therefore statutory in effect. I presume that if I moved to remove this $1 item I might accomplish the removal of the whole program. If that were possible I would be prepared to so move because then we could start all over again and avoid many of the pitfalls we have experienced in the past. The minister of the department is very lax in his duty and has really not paid any attention to area development incentives. He has not given the leadership to the provinces he should have given, and in most areas of Canada the program has not got started. I hope there will be a change in this regard and that the act will be revitalized.

I am prepared if necessary, Mr. Chairman, to sponsor delegations from northern Ontario who wish to meet with officials of the department. However, I feel that the minister is aware of the wishes of the municipalities and the people of northern Ontario in regard to designation of their areas. He is also aware of the fact that so far in most areas designation has been totally unsuccessful. I know of only one case where it was highly successful, a case where in fact the area represented to the government that it did not want to be designated.

While I will not say anything more on this question I did not want the minister to think I would let this opportunity go by without saying something on the matter. I give him the assurance that I will pursue this question until a more favourable conclusion has been arrived at than has been the case in the past.

Mr. Johnston: Mr. Chairman, just as a matter of interest may I point out one error in the remarks of the previous speaker concerning designated areas in British Columbia. In fact the areas designated in that province include at least three constituencies other than that of the premier. We would be very happy to see more such areas in British Columbia. If there were no such areas designated then this would be just one other federal program which stopped at the Rockies. In such an event I do not think the people of British Columbia would be very interested in bailing out northern Ontario a part of that wealthy Province, with no return at all to British Columbia.

• (6:00 p.m.)

Mr. Kindt: Mr. Chairman, I have only a word or two to say. Since I believe that the

largest designated area west of the Great Lakes is in my constituency, the Crowsnest Pass area, I should like to know if the government will concentrate on the establishment of new industries there. There have been two or three which have gone into the Crowsnest Pass area purely as a result of my efforts during the last two or three years. The government in the last election claimed all the credit for the establishment of these industries and I had quite a job trying to tell the people how the industries actually got there. If the government in its efforts to get new industries into this area would leave politics out, the result would be a much better program.

Mr. Winkler: Mr. Chairman, I rise on a point of order at this stage while we are still in committee. I had a couple of contributions to make in the course of the debate. Now I want to make a plea to the committee to proceed with the business before us, and I will explain why.

Today in the question period I participated in a series of questions. One of my contributions was an inquiry made of the Minister of National Health and Welfare in regard to the recipients of old age security. At that particular time the Prime Minister suggested to us that he would proceed with this measure if there was a little more activity in the business of the house. We know that some debate is redundant and while I agree in large part with what the hon. member for Timiskaming said about designated areas I suggest that the committee pass the balance of the supplementary estimates. I am sure that the government is interested in coming forth with legislation to increase old age security pensions. I would ask the co-operation of the committee at this stage to agree to pass the balance of the supplementary estimates so that we can get a little closer to that goal.

The Deputy Chairman: Shall the item carry?

[*Translation*]

Mr. Caouette: Mr. Chairman, about vote 15e.

To provide that the amount appropriated by section 5(1) of the Area Development Incentives Act may be credited to the area development account from time to time—

I wish to call the minister's attention to that vote. The region which I represent here, that of northwestern Quebec, urgently needs help, incentives to develop industry.

[Mr. Kindt.]

As a matter of fact, in Malartic and Val-d'Or, mines will have to close their doors eventually. Two or three have already done so in the last year and 1966 does not look much more promising for the gold mines in the region.

The time has come, I think, for the government and the department to offer an incentive to encourage secondary industries to settle in that region in order to protect our people and prevent them from moving to other regions or further north or east or anywhere else. We want to keep our people and our cities.

Cities like Malartic and Val-d'Or will have to face, in a few months, economic conditions that are absolutely intolerable.

I call the minister's attention to the fact that industries must be encouraged to settle in northwestern Quebec. That would stimulate not only our region's economy but the economy of the province of Quebec and the whole of Canada.

[*English*]

The Deputy Chairman: Shall the item carry?

Item agreed to.

The Deputy Chairman: The estimates for the Department of Industry are now completed. We shall now take the Department of Justice.

DEPARTMENT OF JUSTICE

Legal and Other Services—

1e. Administration, $35,500

Mr. Knowles: Mr. Chairman, I do not object to what we are doing but I think it should be by understanding or arrangement and not by inadvertence. It is after six o'clock. I think the suggestion of the hon. member for Grey-Bruce that we might finish the supplementary estimates, has merit, but should it not be understood that we will rise not later than seven o'clock?

Some hon. Members: Hear, hear.

Mr. Benson: If it is agreeable to the house I would request that we do this. The Minister of Public Works is here, as I have indicated. We can get through the other estimates and he may have something to say about item 1e of the Department of Public Works.

Mr. Knowles: Is it clear, Mr. Chairman, that there is a house order that we suspend sitting between seven and eight o'clock?

Some hon. Members: Agreed.

The Deputy Chairman: Is it agreed by hon. members that we do not see the clock?

Some hon. Members: Agreed.

Mr. Knowles: But that we see it at seven o'clock?

Item agreed to.

The Deputy Chairman: The estimates of the Department of Justice are concluded. Next we shall take legislation.

LEGISLATION

The Senate—

Vote 7e.—To deem, for the purpose of enabling the Governor in Council to grant an annuity under section 16 of an act to make provision for the retirement of members of the Senate, that Senator J. W. Comeau was, at the time of his death, a person who had been granted an annuity under section 15 of the said Act, $1.

Mr. Herridge: This is a very interesting item, Mr. Chairman. It reads:

—for the purpose of enabling the Governor in Council to grant an annuity under section 16 of an act to make provision for the retirement of members of the Senate, that Senator J. W. Comeau was, at the time of his death, a person who had been granted an annuity under section 15 of the said act.

Could the minister explain that?

Mr. Benson: I shall be very pleased to explain it. Senator Comeau some two or three weeks before his death wrote a letter to the Clerk of the Senate saying that he was resigning. Unfortunately he was then informed that he could not resign by sending a letter to the Clerk of the Senate. The day before his death, when this information got back to him, he wrote a letter to the Governor General resigning as a senator. This could not be accepted by the time he died the next day. As his widow would have been deprived of the pension which is granted to retiring senators' wives, this item is to correct the very unfortunate situation which happened. The resignation was in the mail and had not been acted upon because he died the very day it arrived.

The Deputy Chairman: Shall the item carry?

Item agreed to.

House of Commons—

20e. General administration, $220,000.

Mr. Herridge: I have one comment. For certain aesthetic reasons, I am informed, the protective staff in the basement will not let anyone through the doors. What I really wish to say, Mr. Chairman, is that there is very little ventilation down there and it is a stuffy place. I understand that in the first instance six or seven years ago members of the protective staff were put there on a temporary basis. I ask the minister if he would not draw this to the attention of those concerned to see if the protective staff cannot be located in a more desirable place.

Mr. Benson: I should be very pleased to bring this to the attention of the minister.

The Deputy Chairman: Shall the item carry?

[*Translation*]

Mr. Caouette: When the minister deals with the matter just raised by the previous speaker, could he not inquire about a very small thing related to the messengers of the House of Commons who are located on the first floor also? The messengers do not even have a telephone to call home or outside the House of Commons and they cannot get telephone calls either. If someone falls sick at home, either their wives or a young child, it is impossible to reach the messenger concerned in the House of Commons. Could not the minister see to it that a telephone is installed in the messengers' office for their use?

• (6:10 p.m.)

[*English*]

Mr. Benson: It is amazing what one has to do to get estimates through the house. However, I will undertake to look into this situation.

Item agreed to.

The Deputy Chairman: We shall now proceed to the estimates of the Department of Mines and Technical Surveys.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Mining and Metallurgical Investigations and Research—

35e. Administration, operation and maintenance—to increase to $70,000 the grants in aid of mining and mineral processing research in Canadian universities, $1.

Mr. Howard: Could the minister explain this vote to me? I notice the amount is $1. There were grants in aid of mining and mineral processing research in the amount of $20,000 and there are funds available in the main estimates for 1965-66 to the extent of $19,999. These people engaged in research do not need just an extra dollar, do they?

Mr. Benson: As I understand it, this is merely a matter of changing the wording so that a grant can be made. There was approval by Treasury Board of a grant of $20,000 to Queen's University in aid of mining research. I am happy about that. This grant is to support the research side of Queen's participation in the tri-university project in mining engineering, a graduate program of teaching and research developed jointly by Queen's and Laval universities and the University of British Columbia to arrest the serious fall-off in availability to Canada of mining engineers and scientists.

The department had intended that the $20,000 grant to Queen's be charged to an item to be included in supplementary estimates E, 1965-66. It has now been found possible for the grant to be made from funds already available and for the relevant item in the supplementary estimates to be reduced to $1.

Mr. Howard: I see.

Mr. Fairweather: Would the minister do his best to see that the impossible word "fall-off" is not used again? It is gobbledegook.

Mr. McIlraith: Hear, hear.

Item agreed to.

The Deputy Chairman: This concludes the study of the supplementary estimates of the Department of Mines and Technical Surveys. We shall now proceed to the estimates of the Department of National Health and Welfare.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Medical Services—

20e. Administration, operation and maintenance, $500,000.

Mrs. MacInnis (Vancouver-Kingsway): I should like to draw the minister's attention to a question having to do with the Canada Pension Plan. I have been told that Canadian employees of foreign embassies in Canada are not eligible for coverage under the Canada Pension Plan. One of these employees approached me to inquire why he and others like him could not enter the plan as self-employed persons paying the whole assessment. I am speaking of Canadians who are employed here in Canada in foreign embassies.

Mr. Benson: I believe this particular question was discussed during the committee hearings when the plan was considered, though I am not sure of this. However, my own department, the Department of National Revenue, which has to collect the funds for this pension plan, must act within the law as it stands. I doubt that we could deem somebody who is employed by someone else to be self-employed. I believe any change in the position of people working at the embassies would require a change in the statute rather than a ruling.

Mrs. MacInnis (Vancouver-Kingsway): The person who approached me was well aware that this would be the case. He asked me why a change could not be made so as to permit Canadians working for foreign embassies to enter the plan providing they paid the whole amount. Why could a change not be made in the statute to this effect?

Mr. Benson: I suppose any change to deem anyone to be anything could be made in the act as such. But the plan only came into effect on January 1 and in the initial period situations will doubless arise which will ultimately call for changes in the legislation. I would assure the hon. lady that the particular matter she has raised will be considered when amendments to the act are being prepared some time in the future.

Mr. Barnett: As the minister has said, this matter was considered when the plan was going through the house and the committee, but I am sure that not many members realized we were dealing with Canadian nationals employed at embassies—I did not—when we made provision that the act should not apply to these people. It was not our intention to make Canadians ineligible.

Mr. Benson: As I have said, I believe a change in the act would be necessary in order to include them now. However, I undertake to look into the matter and see whether there is anything that can be done by my department administratively under the law as it now stands.

Mr. Herridge: Would the minister inform his colleague, the Minister of National Health and Welfare, that the hon. member for Kootenay West wholeheartedly supports the request of the British Columbia Hospital Association for an increase in the federal grant from the present figure of $2,000 to an amount which would meet the increased cost of operation?

Mr. Benson: Yes, Mr. Chairman.

Mr. Barnett: I was looking into this matter just the other day in consequence of a letter I received from a hospital in my own area.

According to the investigation I carried out, the last statement on this subject was made by the Prime Minister who indicated that certain provinces were objecting to an increase in hospital construction grants. This was somewhat incomprehensible to me. He further indicated that this was a matter of discussion between the federal government and the provinces. Is there any later report which the minister can give the committee so that we may know where this question stands? The responsible minister in British Columbia told me he hoped we could look forward to an increase in this grant. Could the minister bring us up to date?

Mr. Benson: I am afraid I cannot do that. I would have to take this matter up with the Minister of National Health and Welfare within whose ambit it rests. I will undertake to do this and give the hon. member a reply as to the present situation.

Mr. Barnett: Since this is a matter of great interest to those concerned, would the hon. gentleman suggest to the Minister of National Health and Welfare that he make an early statement to the house on motions or in some other appropriate way?

Mr. Benson: I will be pleased to bring that suggestion to the attention of the minister.

Mr. Winkler: I want to say that I take serious and grave exception to the type of letter which is going out from supporters of the government with regard to the representations being made to members of the government for increases in old age security benefits. I have before me a copy of a letter from the hon. member for Peterborough who is blaming the opposition, particularly the Leader of the Opposition, for preventing the accomplishment of this object in legislative form. I take exception to this and ask that my protest be noted.

Item agreed to.

The Chairman: That completes the supplementary estimates of the Department of National Health and Welfare.

• (6:20 p.m.)

PRIVY COUNCIL

15e. Expenses of the royal commissions listed in the details of the estimates, $150,000.

Mr. Howard: Can the minister give us some indication what is happening with respect to the royal commission investigating Post Office Department grievances?

Mr. Benson: This is the one with respect to conditions of employment and I believe the Postmaster General said in the house the other day that the report was expected by June 30.

Mr. Howard: Though the minister may not be able to answer this directly, I ask the question to indicate interest on our part and notice of our intention to proceed further with it. Many moons ago a royal commission on pilotage was appointed and we have been waiting with bated breath what presumably is going to be a voluminous and detailed report by that commission. Is that commission still in existence and when can we expect its report?

Mr. Benson: I know it is still in existence but I cannot indicate when it is expected to report. I can ask the Minister of Transport about it.

Mr. Howard: Then could this by-play between the minister and myself be taken as notice that I wish to follow this up with a question on Orders of the Day to the Minister of Transport?

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

1e. General administration, including grants as detailed in the estimates, $44,500.

Mr. McIlraith: Mr. Chairman, last Friday when these estimates were being discussed some questions were raised about the problem created by the practice of fill being put in waterlots along a long stretch of the shore of lake Ontario. The same matter was raised again today. I think I should explain where the responsibility of this parliament lies and how the situation is somewhat complicated by a division of jurisdiction.

The provinces own the land under the water, in other words, these waterlots, and it can be transferred by them to private owners, as is the case in the situation presently under discussion. When private owners acquire the waterlots the federal government cannot interfere with that in any way. Then the municipal affairs department of the province and the governments of the municipalities have jurisdiction in the ordinary way over building permits and that sort of thing. The federal authority has jurisdiction over the subject of navigation, and it is only in that connection that it is able to have any legislative responsibility and can take legislative action as set out in the Navigable Waters

Protection Act. The difficulty in this particular case—and I am very quick to admit it is a real difficulty—is that of a person owning the lot getting a building permit from the municipality in the usual way.

For the purposes of this discussion I think I shall limit my remarks to the particular waterlots mentioned, but I do not want to suggest that there are not other aspects of the problem with respect to other waters in other parts of the country. The difficulty in this particular case arose when the people concerned put the fill in the lake. The legislation provides for the Department of Public Works to grant a works permit when they put a superstructure on it. But that jurisdictional right only arises if there is interference with navigation and, in the ordinary sense, if this were carefully done there would not be interference with navigation because of the width of lake Ontario. You can argue a great deal about the matter of judgment with regard to whether of not the fill interferes with navigation and how much fill has to be put in before it interferes with navigation. That is the primary problem in this connection.

Again going from the general to the particular, as I think the hon. member who raised the matter intended to use it, for the purpose of demonstrating how the difficulty arose, in this particular case the people involved did not get approval to implement the proposed works. Indeed, there was a question whether putting the fill in was a work within the meaning of the act. There is a difficult problem there, but in any event they put in the large amount of fill to which reference has been made.

They did not take the usual steps to put in protection to contain the fill, protection that is normal or proper in such cases if a permit were granted. There was an erosion of the fill and undoubtedly other debris also came into the water. This created a hazard to navigation. Whatever the argument may be with regard to whether the federal authority had jurisdiction from then on because that was a clear hazard to navigation, something which could be well established.

Following that they filed their application for approval of the works project, together with the usual plans, and an examination has been made of them. These include the appropriate design steps for the containing or retaining wall and, in the view of the engineers and the other authorities concerned, that work will be satisfactory if carried out to its full completion in accordance with the plans filed. If that is done we propose to issue the permit indicated in the previous speeches in the ordinary way.

I admit at once that there is a very unsatisfactory situation arising out of the divided jurisdiction that exists between the federal, provincial and local authorities. Recognizing that, we have taken steps to start discussions with the Ontario provincial authorities in order to get an improved method of control, so that the action of one authority will be consistent with the actions of the other authorities. As it is now it is certainly confusing to the rest of the public, and it is unsatisfactory to have one authority granting one permit without reference to another authority, and so on.

• (6:30 p.m.)

That matter is under discussion at the present time between the federal and provincial authorities in an effort to establish a better procedure. Possibly in the light of the discussion and study further action can be taken to include the whole state of the law on this subject. I hope my remarks have answered at least some of the points raised in the earlier discussion. I have tried to make this relatively brief but also have tried to deal with the points raised.

Mr. Howard: Mr. Chairman, an analogous situation existed within the government service in the Department of Fisheries that may give some comfort and guidance to the Minister of Public Works in making a determination about this question of divided jurisdiction. As I recall it, when we raised the matter of local companies on the west coast dredging the gravel out of salmon spawning streams and using that gravel for road building purposes we pointed out that this was injurious to the salmon spawning grounds because it destroyed them and created havoc with the spawning beds.

We thought that the Department of Fisheries should be able to step in and prohibit logging companies, construction companies or anybody else digging up the river beds in salmon spawning streams and thus destroying the spawning beds. The representation made to us in response thereto was that there was a divided jurisdiction involved and that while it was correct that the federal government through the Department of Fisheries had jurisdiction over fisheries matters, the provincial government, by the constitution, had jurisdiction over the matter of land and the land at the bottom of the river in fact belonged to the province and therefore the

federal Department of Fisheries could not issue any prohibition against the use of that area.

As I understand it, this matter was resolved by the legal officials—whether in the Department of Fisheries, the Department of Justice or where, I do not know—and it was determined that the federal government did have jurisdiction and that it could exercise its authority to protect and conserve fisheries and therefore had the jurisdiction to issue these prohibitions. I understand that is the situation which exists at the moment. While I may have oversimplified it, this is the understanding I have concerning the situation. If it is a correct understanding, then I think that the minister may find some guidance there in dealing with this matter in a way different from that which he has so far outlined.

Mr. Cowan: Mr. Chairman, I simply hope the Minister of Public Works likes the explanation he has given because certainly I do not. We are told that this is a very difficult question. I thought I had dealt with this matter last Friday but here we have it again on Tuesday and are told it is a difficult question.

Why is it that all the public bodies which are going to erect some project make application in advance and file plans with the department and the department considers them seriously and then may or may not grant permission to erect such structures as the ones I outlined such as the spits of rock being placed east of Toronto Island by the Toronto Harbour Commissioners in order to enlarge Toronto harbour; or why did the Ontario Hydro file detailed plans and ask for approval before erecting their coal unloading dock at Lakeview on the west side of Etobicoke Creek? This dock is a help to navigation. They should not have had to ask for a permit from the Department of Public Works because the dock would aid ships. But they were erecting something in a navigable stream and the lawyers of Ontario Hydro knew they had to file plans in advance and get prior approval before construction. Then I gave the case of the municipality of metropolitan Toronto with two million people. They filed plans in advance about a little bridge with hon. Mr. Deschatelets and the matter was given several months consideration before the plan finally was approved. Then metropolitan Toronto went ahead and built the bridge. But not the private developers. They back their trucks up to the lake, pull their pins, dump their loads and away they go. Nobody asks for prior consent there.

Is Ontario Hydro dumb; is the metropolitan Toronto council dumb? They know the law and they follow the letter of the law. Yet in the case of the private developers this is not so. I would appreciate it very much if the Minister of Public Works would name a couple of cases where a municipality has granted a building permit to build in a navigable stream before clearance was given by the Department of Public Works. I would like to have a couple of cases rather than simply the answer that municipalities have allowed firms to build in a navigable stream. It is not as simple as that. If this Millgate fill is not an interference with navigation, why are they instructed by the Department of Public Works to put navigation lights at the end of the spit of land during the navigation season? Nobody asks me to put navigation lights on my half mile of shorelines on Georgian Bay; but when Millgate runs a spit of land out 470 feet in length, which according to the Department of Public Works is not an obstruction to navigation, they are told to put navigation lights on it during the navigation season.

The application filed with the Department of Public Works states that they want to run the retaining wall out another 70 feet, 540 feet in all. According to the letter of the Department of Public Works of January 21, 1965 it is only filled for 470 feet. This application, the first which was put in, to have a retaining wall around the fill will carry it out 540 feet into the water. If they are putting navigation lights on a 470 foot spit of land and say it is not an obstruction to navigation, what will it be when it is 70 feet farther out? I say the inference is that it is a hazard to navigation. The minister says it is a hazard without a retaining wall but when they put a retaining wall around it it will not be a hazard. Some people will believe that stuff; it does not ring true to me, but I could be wrong.

I have asked the cabinet to refer this matter to the Supreme Court of Canada to have it clarified whether a patented waterlot can be filled by a private owner without the prior consent of the Department of Public Works which looks after the Navigable Waters Protection Act. In addition, I asked them to turn these lands off Mimico and Long Branch into national parks, which would be better for all the people in the city of Toronto and for hundreds of miles around.

I hate to use the word "ask"—it is not strong enough—but I would ask the department to withhold action on this matter concerning the proposed retaining wall until they have a decision from the Supreme Court of Canada, and I also ask that they make the land there now into a national park. I do not know who is speaking to the government on this matter but certainly it is quite apparent they have a lot more influence with the government than I have. I am only the elected representative for York-Humber.

Mr. MacInnis (Cape Breton South): Would the hon. member permit a question? Would he indicate what firms are making these representations?

Mr. Cowan: I can only say that I heard the name of a lawyer, Mr. James F. McCallum. I never met the gentleman. His name is mentioned in the New Toronto *Advertiser* week after week and his name is mentioned in the village of Long Branch and at the Mimico ratepayers' meetings. I only know that his name is James F. McCallum.

• (6:40 p.m.)

Mr. Grégoire: Mr. Chairman, I should like to ask a question. Is Mr. McCallum alone in this firm or has he some associates whom we might know?

Mr. Cowan: I know nothing about Mr. McCallum. I have never been in his office. I have never met the man. I am not a lawyer and do not circulate in legal circles in Toronto.

Mr. Barnett: Mr. Chairman, I certainly do not have any desire nor do I feel I have the knowledge or competence to make any assessment of whether certain works or fills or what-not should be put along the shores of lake Ontario. But what concerned me very much as I listened to the presentation of the hon. member for York-Humber was the whole question of what I might call the violableness of the Navigable Waters Protection Act.

I tried to follow closely the statement made by the Minister of Public Works. He made particular reference to a certain type of waterlot and the sequence of events that involved provincial and municipal authorities in the granting of construction permits and so on. But what disturbs me is not only what the hon. member for York-Humber said but also the fact that from what the minister said obviously certain works were constructed out into lake Ontario, which as I understand it is certainly classified as a navigable water, without the Minister of Public Works of Canada, who is responsible for matters pertaining to the Navigable Waters Protection Act, having made a determination whether navigation interests were involved before the works were constructed.

If people can do that kind of thing and not be subject to some penalty, I submit there is something seriously wrong with the Navigable Waters Protection Act. The minister talked about negotiations and discussions with the province, which are probably useful, but one of the questions raised is: Who has been challenging the authority of the federal government in their control over navigation? I can think of a place in my constituency where fill was placed in navigable waters along the eastern coast of Vancouver Island. There is now a big shopping centre, hotel and many other buildings in this area which at one time was part of Discovery Passage. I remember that the person who was intitially promoting this venture came to Ottawa to see me and asked if I would arrange an appointment with the Minister of Public Works and the officials who administer the act in order to discuss this question. This was done long before any shovel or dredge was involved in actual work. This man also had to obtain approval from the provincial authorities for a waterlot and all the rest of it.

By his answer the minister has left open this important question: Can people flaunt with impunity the Navigable Waters Protection Act? I think this question goes beyond the immediate determination of the particular structures which have been outlined to the committee by the hon. member for York-Humber. I understood the minister to say that if these protective works are constructed according to plans he intends to approve them. I am not prepared to say whether he should approve them, but it seems to me it is a very poor state of affairs if developers or anyone else involved can in effect thumb their nose at the constitution, the federal government and the Minister of Public Works, build structures out into lake Ontario or anywhere else in this country where navigable waters are involved and ask for nothing more than the blessing of the Minister of Public Works after the event. It seems to me this question has not yet been answered and I believe we should have from the Minister of Public Works some indication of what he

intends to do about this situation, which for all I know may have developed before he assumed his present office.

Mr. McIlraith: That is the fact, Mr. Chairman, but I do not plead it as any defence at all in the matter because I must assume responsibility for it. The situation is a little different. It becomes a question of fact whether they are doing anything that is in breach of the Navigable Waters Protection Act. I sought to indicate to the committee that in the particular case to which I referred, and I did not mention the name of the case, it became quite clear that they were in breach of the act in that they had not made application. They then immediately made application. The whole difficulty arises because it has to be determined when they are in fact in breach of the act as it now stands. The question of divided jurisdiction enters into this matter. There is a real difficulty in determining the facts as well as the problems inherent in divided jurisdiction as it applies in these cases.

There is also the question—and we are considering this as well—of the draftmanship of the act as it exists. I indicated what we are doing on the question of divided jurisdiction and I should add that we are also considering the act with a view to improving it within the jurisdiction that is admittedly federal, because I think it is fair comment that the act as it stands is not satisfactory.

With regard to the other point about public bodies taking care to make application in advance, I think the answer is very simple. When there is a question of divided jurisdiction public bodies always follow the precautionary course of applying whether or not they need to apply. They do this in order not to be put in the position of having appeared to break the law in the event that it is decided they should have applied. I believe this happens with regard to most public bodies. In spite of the reference to lawyers, I believe that any lawyer acting for a public body would advise them that if there is any question of doubt at all they should apply. In any event I am very happy to see that there is so much concern about some people not applying as promptly as they should. I do not think there is anything more I can usefully add on this point.

[*Translation*]

Mr. Caouette: Mr. Chairman, the explanation given by the minister to the question raised by the member for York-Humber (Mr. Cowan) is rather confused.

The member mentioned earlier the name of a lawyer, Mr. James F. McCallum, who is greatly interested in this fill in lake Ontario, in the Mimico area or on the other side, in Long Branch. When we asked the member for York-Humber whether Mr. McCallum had any associates to help him in his transactions there, he said he was not aware of it and that he did not know Mr. McCallum.

However, I find that in the Canada Legal Directory, which contains the names of law firms or offices in Canada, under No. 123, appears the name of the law office "Cameron, Brewin, McCallum & Scott, 372 Bay Street". Now, I wonder whether Mr. A. J. P. Cameron could not add "M.P." to his name and whether Mr. F. A. Brewin would not also be a member of the New Democratic Party; I do not think Mr. Scott is a member of parliament, nor Mr. Joseph Lemire either. There it is, the law office of Messrs. Cameron, Brewin, McCallum and Scott.

If there are any members of parliament in that law office, I wonder whether it is against the regulations to transact business as is now being done on the shores of lake Ontario, and more specifically in the constituency of the member for York-Humber.

At any rate, I think the minister is not giving us much information about the procedure being followed. I noted myself that the member for York-Humber is bringing pressure to bear and is asking the minister for information. He wrote to him personally before raising the matter in the house and the answers he got were always non-committal. The matter is staying up in the air, in short, an attempt is made to ignore as far as possible the problem existing over there.

I think the minister should be more specific and state, on behalf of the department and the government, that action will be taken accordingly, so that the residents of Toronto and the shores of lake Ontario will be treated fairly and that some individuals or a few persons will not be granted privileges which clearly belong to the people of Toronto and vicinity.

• (6:50 p.m.)

[*English*]

Mr. Peters: I know, Mr. Chairman, that we want to finish these estimates but I am not satisfied with the answer the minister has given. My friend says he has not given any,

but he has given an over-all answer to a specific problem. If we look deeply into the Navigable Waters Protection Act we will find it is a major piece of legislation which is not applied as extensively now as it has been in the past. I think the minister is wrong in saying that the act does not give his department power to request people to apply for approval before an obstruction is put into a navigable water.

In my own area I know that if one wants to build a small wharf in Lake Timiskaming the Upper Ottawa Improvement Company can remove the dock. They can hook onto it with a tug and remove it if the people have not applied for permission to put in these facilities. They have been known to haul these docks away and court cases have resulted, but the Upper Ottawa Improvement Company has been in the right because they have this power under the Navigable Waters Protection Act.

In my opinion the request was not made by the hon. member alone but was made by a number of people in the city of Toronto who are interested in maintaining the waterfront. They are not in favour of the waterfront being changed in the manner in which it is and for the purpose for which it is being changed. I think the minister is wrong in saying this company had any justification for putting any type of structure there without the prior permission of the department.

Mr. McIlraith: I do not believe the hon. member should misquote me. I did not say they put any type of structure there without the permission of the department. I was careful to point out that they had not done that.

Mr. Peters: Then I stand corrected, but that is not the way I understood it. I understood the company had put in fill.

Mr. McIlraith: They did put in fill, but no structure. This is a difficult legal problem to decide what we can enforce against them.

Mr. Peters: If you put an earth dam across a river you have effectively stopped navigation on that river. We are quibbling if we call dumping fill into the water no hazard and yet a wooden wharf is a hazard. That is quibbling.

Mr. McIlraith: The hon. member should not misrepresent what I said. If he takes a load of earth and puts it in a lake 60 miles wide, is that a "work" within the meaning of the act in a navigable water or is it not? It is a very nice question of law. I have tried my best to get opinions on which we can rely. The problem here is to determine when it did become a breach of the act, and admittedly it did at a point. However, presuming to prejudge the case as the hon. member has done is something that I did not do and I am not willing to do.

Mr. Peters: This is exactly what I agree happened; the case was prejudged. In my opinion it does not matter if you dump a wheelbarrow full of mud into a small opening or a large amount of fill into a big opening. It becomes an obstruction. It is only a matter of degree. One wheelbarrow full of refuse dumped on the shore is an obstruction for certain purposes under the Navigable Waters Protection Act. These obstructions do not relate only to the sailing of ships but to other matters.

I think this question should be referred to the law officers of the Crown. I know the minister has the right, if he wishes, to state a case to the Supreme Court for a ruling. I am not concerned about the question as it affects this case only but I am concerned about other areas. This question has been a factor and is still a factor in connection with Lake St. Clair. It is a factor in the Georgian Bay tourist area. It is a factor in the area of my own lake. I did not know until this discussion arose that it was not legal for me to put fill into a lake. I had intended to reclaim a certain amount of the lake but I know now that there are restrictions in the Navigable Waters Protection Act.

In my opinion this matter should be decided by a stated case to the Supreme Court. I think the minister is in a very weak position if he argues the question of degree in this case. I am quite prepared to say that a thousand foot wharf in lake Ontario in the Etobicoke area is not necessarily an obstruction to seaway traffic. However, I am of the opinion that a thousand foot wharf in Lake Ontario is an obstruction to motor boats. I think this piece of land would be difficult to cross on water skis and therefore it would be an obstruction.

Mr. McIlraith: Would the hon. member permit a question, because I fear he does not understand the two parts of the Navigable Waters Protection Act? If something is there and has become an obstruction, then there is a right not to grant a permit under certain

terms and conditions. They must make application, and they have made application. It is a matter of assessing and examining all the facts and deciding whether or not a permit should be granted.

Mr. Peters: As I understand it, originally they did not make an application. If I recall the remarks made by the hon. member for York-Humber, this application was made later and this obstruction has been there for some period of time. My point, Mr. Chairman, is that the minister did not make any decision before the obstruction was there. The minister has the responsibility, not these people building the new land. The minister and his officials have a responsibility to decide whether or not this project is going to be an obstruction, whether or not it meets the terms of the act.

Mr. McIlraith: That is precisely the decision they took.

• (7:00 p.m.)

Mr. Peters: Am I now being informed that it has now been decided what they will do in this particular instance?

Mr. McIlraith: It was decided that they had to take out this fill, or file an application to come within the terms of the act.

Mr. MacInnis (Cape Breton South): After the original violation?

Mr. McIlraith: Certainly.

Mr. MacInnis (Cape Breton South): The minister indicated there had been a violation prior to the application.

Mr. McIlraith: Exactly. That is why it was taken out.

Mr. Langlois (Mégantic): Just one question. Did the minister receive any representation from the Mr. Cameron and the Mr. Brewin who have been mentioned in this case?

Mr. McIlraith: None whatever. May I just qualify that answer by saying that I came to the department only on July 8 of last year. There may have been some correspondence since then and I would have to check the file, but I have no recollection of any correspondence.

Mr. Macdonald (Rosedale): I think he means before that.

Mr. McIlraith: There may have been some correspondence before that and I would have to check the files to see whether there was. Certainly none has come to me, and representations on this matter have been made by only one member, the member for York-Humber.

Mr. Cowan: The former hon. member for York West, Mr. Kelly, made several representations as well, when he was a member of the house.

Mr. McIlraith: I was not Minister of Public Works when Mr. Kelly was a member of the house.

Mr. Cowan: I did not say you were.

Mr. Peters: I am thoroughly confused, frankly, with these answers. I had thought I understood the problem. If this matter has been solved to the satisfaction of everybody, then certainly I would not object; but I should like to ask the minister whether he is giving any consideration to policing the provisions of the Navigable Waters Protection Act, particularly in areas such as these under discussion at the present time, in order to see that none of these structures are built until permission has been granted by the department.

I believe we have prior claim to making decisions in federal matters. If structures are built and permission is received, this may satisfy the situation; but it does seem to me that the minister, before he gives approval, has the right to set down certain conditions under which protection is provided, such as construction of waterbreaks and other necessary structures to contain whatever works are undertaken. He would obviously have to cooperate with the municipalities to see that this was in their interests.

Mr. McIlraith: The whole scheme of legislation envisages an application being made before construction of any project, if I may call it that. We are concerned with this quite valuable land, if you wish to refer to it in that way, fronting Lake Ontario. We have been dealing with the province to see whether we can improve our policing technique so that we are given advance notice of proposed structures on waterlots. We are right in the midst of trying to do our best to deal with what is a very difficult and complex problem.

Mr. MacInnis (Cape Breton South): The minister made a very technical point. He tried to draw a distinction between a structure on a reclamation project, if I can call it that, and land fill. He drew a very narrow distinction, and as the hon. member for Timiskaming pointed out there is no difference

between a structure and fill under the Navigable Waters Protection Act.

The hon. member also indicated that there had been a violation prior to the application made under the act, such as it is. Therefore I would ask whether the government took any steps to penalize these people who violated the act. I would further ask the minister whether the firm that was mentioned of McCallum, Brewin, Scott and Cameron has any connection with the hon. members for High Park, Danforth and Greenwood.

Mr. Macdonald (Rosedale): No, not the hon. member for Danforth.

Mr. McIlraith: I assume that it does, though I do not think it is connected with the hon. member for Danforth.

Mr. MacInnis (Cape Breton South): But is it connected with the hon. member for High Park?

Mr. McIlraith: The hon. member for York-Humber told me that it was, so I assume it is; but I do not know. In any event, neither hon. member made any representations to me.

Mr. MacInnis (Cape Breton South): Would the minister indicate the penalties which were imposed, if any?

Mr. McIlraith: I should want to check the files of the department further. I may say that it was the legal officers who raised the question about the definition used in the act. I think the word "works" was the word which caused the trouble.

Item agreed to.

The Chairman: This completes the supplementary estimates for the year ending March 31, 1966. Shall I rise, report certain resolutions, and request that the committee be granted leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

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

WAYS AND MEANS

Hon. E. J. Benson (Minister of National Revenue) moved that the house go into committee of ways and means.

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

[Mr. MacInnis (Cape Breton South).]

Mr. Benson moved:

Resolved, that toward making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1966, the sum of $270,207,367, be granted out of the Consolidated Revenue Fund of Canada.

Motion agreed to.

Resolution reported and concurred in.

Mr. Benson thereupon moved for leave to introduce Bill No. C-159, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1966.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Batten in the chair.

• (7:10 p.m.)

Clauses 2 to 4 inclusive agreed to.

On clause 5—

Mr. Starr: Mr. Chairman, I just want the assurance of the Minister of National Revenue who is piloting this bill through that this is the standard type of appropriation bill.

Mr. Benson: This is a standard type of appropriation bill. Clause 5 is necessary in order that bills may be paid in April out of these funds. It is for expenses incurred at March 31.

Clause agreed to.

Clause 6 agreed to.

Clause 1 agreed to.

Schedule agreed to.

Bill reported.

The Deputy Speaker: When shall the bill be read a third time.

Mr. Benson: By leave, now?

Some hon. Members: Agreed.

Mr. Benson moved the third reading of the bill.

Motion agreed to, and bill read the third time and passed.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

The Deputy Speaker: Order, please. It is my duty pursuant to provisional standing order 39A to inform the house that the

questions to be raised at the time of adjournment tonight are as follows: the hon. member for Brandon-Souris (Mr. Dinsdale); technical and vocational training—request for subsidization of teacher training programs; the hon. member for Winnipeg North Centre (Mr. Knowles); the Canadian economy—effect on pensioners of increasing cost of living; the hon. member for Gaspé (Mr. Keays), northern affairs—construction of replica of *Grande Hermine* for Expo '67.

Hon. Michael Starr (Ontario): Mr. Speaker, in view of the fact that tonight is the presentation night of the budget by the Minister of Finance, and to enable time to be available for reply by the opposition critic to the minister, I wonder if there is any provision that these questions not be taken up at ten o'clock, but postponed to some other time?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Order, please. The three questions to be taken up on proceedings under the adjournment motion can be suspended by unanimous consent of the house.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Barnett: It is understood that they are simply to be deferred, and will hold their order.

Mr. Deputy Speaker: It is the understanding that the house will dispense with these questions on tonight's adjournment proceedings.

I should point out to the house that since the hour for private members was not taken up, that this hour also was deferred, and is not to be counted.

Mr. Starr: Agreed.

Mr. Deputy Speaker: Order, please. The sittings of this house are suspended until eight o'clock, pursuant to a special order made on Monday, March 28, 1966.

At 7.15 p.m. the sitting was suspended.

SITTING RESUMED

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Mitchell Sharp (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said:

[*Translation*]

Mr. Speaker, a year ago my predecessor in office, the hon. member for Davenport (Mr. Gordon), reported to the house that there had been a great and encouraging improvement in the economic situation. I am happy to say that this trend continued in 1965. The fiscal policies he initiated have resulted in further rapid economic growth.

[*English*]

Royal Commission on Taxation

For all those concerned with fiscal affairs and economic policy generally, 1966 will be a busy and important year. We expect to receive and publish within the next two months the report of the Royal Commission on Taxation which was appointed in 1962 to review the whole of our federal tax system.

It is clearly desirable that following the publication of the report sufficient time be made available for people to study it and make known their views on it. I found on taking office that it would not be possible to take action on the report in the Budget this year. To avoid any uncertainty about it I made clear in January that this budget would not reflect the proposals of the Royal Commission and such is the case.

When the Royal Commission was asked to make a comprehensive review of our tax system it was given a difficult task, to which the Commissioners and many experienced advisers have devoted much thought and work. We in turn will be faced with a difficult and controversial task when we come to reform our tax laws in the light of its report. Naturally we will not be able to consider the Royal Commission's recommendations in isolation. We shall have to take into account the issues we are discussing with the provinces concerning federal-provincial fiscal arrangements. Our reform of the tax system will be governed by two principles: equity and efficiency. Governments are going to need increasing revenues to meet the social and economic requirements of a nation determined to abolish poverty—and I personally share this determination. I believe Canadians

generally are willing to play their part in this endeavour, but they must be satisfied that what is asked of them is fair and that the fiscal system does not stand in the way of work and enterprise.

Federal-Provincial Fiscal Arrangements

This will be the crucial year for the Federal-Provincial Tax Structure Committee which, as the House knows, is conducting a broad review of the fiscal relationships between the federal and provincial governments. One of the important elements underlying these discussions is the rapid increase in the expenditures of the provincial governments and their municipalities. Many of the major social requirements of Canadians today fall within the sphere of provincial responsibility, and provincial expenditures naturally reflect this trend. I have in mind chiefly education, health, a variety of welfare requirements, and highways. The trends in federal expenditure on the one hand appear to be increasing roughly in line with the Gross National Product. The requirements of the provincial governments and their municipalities on the other hand appear to be growing at a higher rate. The Provincial Treasurer of Ontario said in his Budget Speech last month, "It is becoming increasingly clear that the combined total of provincial and municipal expenditures will continue to grow at a much more rapid rate than the corresponding federal commitments."

• (8:10 p.m.)

In our federal system there are three lines of approach to ensuring that the provinces will be able to provide an adequate level of public services. First, the provinces must have access to an appropriate share of the sources of available revenue. This is the tax sharing problem. I have reached the conclusion that it will be possible both to ensure that the provinces have access to sufficient revenues to finance their responsibilities and to ensure that the Federal Government will have sufficient scope to make effective use of fiscal policy for economic purposes. In the second place, there has to be a system of equalization payments made by Parliament to underwrite the ability of the less wealthy provinces to provide adequate services. The present equalization formula is not entirely satisfactory. We would like to develop a formula that would take into account a wider concept of fiscal capacity based on a comprehensive range of provincial revenues. The third element comprises the conditional grants made by the Federal Government to specific provincial programmes.

Here, and this is the central problem, we must find a balance between two important considerations: on the one hand the responsibility we feel here in parliament, and I feel here in parliament as one of its members, to give leadership on matters of national importance, and on the other hand the need to respect provincial responsibilities and provincial judgments about matters within their jurisdiction.

This will be no easy task but, given sufficient imagination and good will, I have no doubt whatever that we can find workable solutions.

Tariffs

In international economic affairs too this will be an important year. The Kennedy round of tariff negotiations sponsored by the members of the General Agreement on Tariffs and Trade must come to a head later this year if the negotiations are to be completed on time. In mid 1967 the powers accorded to the U.S. Government by the Trade Expansion Act expire. It would be a tragic waste if the world trading community failed to make effective use of that imaginative legislation which was one of President Kennedy's great achievements.

For our part, and I believe I speak not only on behalf of the government of Canada but on behalf of all of us in this house, we shall do our utmost to ensure the success of these negotiations.

Tonight I shall be proposing very few changes in the Customs Tariff. They are set forth in the resolution. We have received a great many suggestions and requests for tariff changes.

I am glad to see, as a former minister of trade and commerce and as one who believes in liberal trade, that the great majority are suggestions for decreases rather than increases. Many of these have considerable merit.

But at a time when we are engaged in one of the largest international tariff negotiations in our history I think the House will appreciate the desirability of using whatever tariff reductions we contemplate to help us obtain better access to foreign markets for our own exports.

International Monetary Co-operation

We are also playing an active part in the international consideration of methods for

improving the international monetary system. Supplies of traditional forms of reserves such as gold and the reserve currencies are not likely to be adequate in the future to meet the needs of a growing volume of world trade and payments. We would like to see machinery established which would enable some conscious action to be taken in the future to create international reserve assets much as a central bank influences the growth of the money supply within an individual country. We also want to see improvements in the process whereby countries adjust imbalances in their international position quickly and with the least damage to their trading partners.

In these discussions the Canadian Government has urged that a new reserve asset should be created through the joint action of a group of countries which are able to contribute strong backing for such a new asset and which have had considerable experience of co-operation together in monetary matters. We believe the decisions concerning issues of the new asset should be made within the general framework of the International Monetary Fund, and that all members of the Fund should be entitled to hold and to use the new asset. It is too early to say what the outcome of these discussions will be.

As many people in this house who follow these matters know, there are still differences of opinion among the countries involved as to the need for any new arrangements at this time and as to the form which such arrangements might take. However, Canada is making every effort to achieve as wide an area of agreement as possible, consistent with the sound evolution of the international monetary system.

Economic Situation and Outlook

In 1965 the dollar value of the nation's output of goods and services was about 9½ per cent higher than in 1964. In terms of volume the increase in Gross National Product was about 6½ per cent.

This growth in the economy was broadly based and brought benefits to people in all walks of life and in all parts of the country. Capital investment by governments and by private business was up very sharply; consumers spent substantially more than in 1964. Employment rose rapidly by just over a quarter of a million workers. By the end of 1965 not only had another 208,000 workers been added to our labour force, but by the end of the year the rate of unemployment had been reduced to 3½ per cent. The expansion in the economy, which has now lasted five years, is the most sustained in Canada's history and it shows no signs of slackening.

In recent months indeed it has become evident that the rate of increase in expenditures is becoming too rapid and that we Canadians are trying to take on a bit more than we can handle. In this respect our position is quite different from what it was a few years ago. As late as 1963 the economy, although already expanding, was still operating well below its potential. The rate of unemployment then was much higher, our industries were operating well below capacity, and supplies of resources of all kinds were readily available. In short, even as late as 1963 there was considerable slack in the economy.

This is not the case today. Despite substantial additions to plant and equipment throughout the economy in the last few years and an unusually large growth in the labour force, most sectors of the economy today and most regions of the country are working at or close to capacity. Shortages of skilled labour have become widespread, shortages of other labour have appeared, and unit labour costs have been rising. Our task this year must be to maintain a reasonable balance between the increases in production which are physically possible and the increase in the demands we place on our resources. Since there is no appreciable slack in the economy to take up this year, we cannot look for as large an expansion of output as was achieved in 1965.

• (8:20 p.m.)

The capacity of the economy at any point in time is limited by the availability of manpower in the right places with the right training, and by our stock of industrial plant and equipment. With the labour force growing and with high annual rates of capital investment, our capacity increases year by year. But to achieve the full potential of our economy, as projected for example by the Economic Council for the year 1970, more than this is needed. We have to improve the quality of our resources and improve our methods of using them. We have to improve the skills of our labour force and organize the labour market more effectively so that people can move readily into the jobs for which they are suited. We have to improve our industrial organization, increase research and development, and ensure that we are using the most modern techniques in industry. The Government has adopted a variety of policies and

programs along these lines to help bring our capacity up to our full potential Even so, these will need some years to take full effect. In these terms to speak of a margin between our present performance and our potential may be useful as a guide to assessing and as a spur to developing our longer-term capabilities. But there is no such margin between our present performance and our present capacity.

Our capacity will of course grow in 1966. The labour force will increase by a further 220,000 workers, although not all of them will be located where there are jobs available, nor will they all have the needed skills. There are pockets of unemployment in some regions which will be drawn on more effectively as our manpower programs and area development measures make themselves felt.

During the coming months, with new plant and equipment coming into production, we should be able to achieve higher levels of output per man-hour in many industries. For the nation as a whole, an expansion in the order of 5 per cent in the volume of output over 1965 levels should be within our reach.

However, even this rate of expansion may well be insufficient to meet the additional demands that appear likely to be made on the economy during the current year. Governments at all levels have already indicated that they intend to increase their total capital outlays in 1966 substantially above those of 1965. Growing requirements for schools, universities, hospitals and roads bulk heavily in provincial and municipal budgets. Other forms of government expenditures are almost certain to rise. The latest survey of the investment intentions of private business firms points to a continuation of the present investment boom. In manufacturing for example the business firms apparently intend to increase their capital investment by 20 per cent in 1966 following a similar increase last year. Substantial increases in private investment outside of the manufacturing sector are also expected. With continued high levels of employment and rising rates of wages and salaries, consumers will have more money to spend. Finally we can expect further increases in our exports during the current there is a growing demand for our goods in year. Prospects for wheat sales are good and many markets, particularly in the United States where the economic expansion appears to be accelerating. Indeed, Mr. Speaker—and I would like to emphasize this point—the change in the outlook in the United States in the past three months is an important influence on our present situation, and necessarily upon the policies which we must follow.

All of this being so, 1966 presents a great challenge to Canadians. We have been successful during these past few years in stimulating the economy until it is now operating close to capacity. Are we now prepared to exercise the moderation—as well as the enterprise—needed to keep the economy operating at full capacity not only in 1966 but in the years to come? In other words can we now pace and prolong our prosperity? That is the question we have to face as a people. If Canadians try to achieve more than is physically possible the result can only be severe strains on key industries, shortages of materials, and rising costs and prices; productivity would be adversely affected and our competitive position would deteriorate. Moreover imports would be drawn in at a rate that would bring about a substantially larger deficit in our balance of payments on current account. In recent months imports have been increasing more rapidly than exports; this was reflected in the increase in our current account deficit in 1965, and is likely to result in a further increase in 1966. This is not unreasonable in present circumstances, but we must keep it within sensible bounds.

Balance of Payments

It has been customary for Canada's external deficit on current account to increase during periods of economic expansion. As the domestic demands on our resources approach the limits of our capacity a larger import surplus makes available additional resources. The additional supplies of machinery, industrial products and consumer goods that we thus obtain from other countries help to avert shortages in Canada and help to avoid increases in prices and costs. They enable us to produce more and to consume more. Thus import surpluses help to alleviate pressures on the economy when it is operating at full capacity. By contrast large import surpluses several years ago, when the Canadian economy was running well below capacity, aggravated our own underemployment.

While there are short-term advantages in having a large current account deficit when the economy is at full stretch, we should not blind ourselves to the disadvantages of running such a deficit year after year. The deficit enables us, through borrowing, to use resources today which, as a nation, we have not yet earned and which will have to be repaid

out of future earnings. There are dangers in trying to enjoy, through borrowing, a standard of living over the years that is higher than our own productivity allows. Borrowing from abroad at a time when we are undertaking a large investment program is justifiable; but relying on borrowed external capital to sustain a high and rising rate of consumption can be as dangerous a temptation for a nation as for an individual.

From 1962 until our economic expansion gained greater momentum last year we made good progress in reducing our current account deficit. Even in 1965, during a period of rapid expansion, the deficit was much less than in 1959, which was a year of considerable slack. The trend therefore seems to be in the right direction but in the years ahead we must make further progress in reducing this deficit. We have preserved our access to the United States capital market with the cooperation of the United States Government, which recognizes the fact that Canada does not contribute to the United States balance of payments problem. But in the longer run, with the whole world hungry for capital, we cannot assume that it will always be feasible for Canada to import such large amounts of capital as we have in the past. This is not an immediate problem to be solved this year or next. It is a matter of developing a long-term balance of payments policy consistent with our international position as an open economy in an increasingly competitive world. Our basic approach is two-fold: first, through industrial, commercial and manpower policies, to adapt the structure of the Canadian economy to exploit effectively the most rapidly growing markets at home and abroad; and second, to develop and encourage the growth and use of Canadian savings. Canadians should be prepared to forgo some of the apparent advantages of immediate expenditures in order to invest in the expansion and productivity of their own economy.

Economic Council

Mr. Speaker, it is very useful to me as Minister of Finance to have had the opportunity of reading and studying the reports of the Economic Council of Canada. In its last report the Economic Council of Canada pointed out that the recent rate of expansion of investment spending is clearly not sustainable on a long-term basis. Our economy will grow more if the rate of expansion of investment keeps broadly in line with our longer-term potential requirements instead of fluctuating on the basis of the short-term outlook. We need to plan now to maintain our growth in the years beyond 1966. Investments by governments as well as by private business that can be postponed to a later time will help then to maintain stability and growth.

We have all, in government, in business and in labour circles, received much useful information and advice from our Economic Council on how to make our efforts, our labour and resources more productive; and on the proper choice of priorities.

• (8:30 p.m.)

I find myself generally in agreement with the substance of much that the Council has said in both its First and Second Reviews. I have taken to heart the concern that it expresses and implies about the way time lags can impair the effectiveness of fiscal measures and its concern that we must not lose sight of our longer-term goals in dealing with immediate problems. On the other hand I consider unduly pessimistic its opinion that fiscal measures should not be used to deal with what it calls "shorter term cyclical instability" and I do not share its view that fiscal policy can and should be reduced to an arithmetical formula. Appraisal, judgment and flexibility must have their place if we are to succeed.

While our present situation clearly calls for restraint on the increases in spending, rather than stimulus, this could change fairly quickly. Our objective is a steady and sustained rate of growth. Our intention is to keep our fiscal policies flexible, and readily adaptable to changing circumstances.

Mr. Speaker, if we do not by one means or another succeed in moderating the increase in aggregate expenditures this year the most immediate penalty we shall suffer is an inflationary increase in prices. Public and indeed parliamentary concern over this danger is already evident. It was only a few days ago that we were debating this very issue. As a practical matter in our society this danger cannot be avoided by trying to regulate prices and wages. We must deal with the basic issue which is at the present time an excess of spending power over what is available to meet demands. It is this excess which causes rising prices, costs and profits and which harms those in our society whose economic power and bargaining position are weak.

The Out-turn of Last Year's Budget.

Mr. Speaker, I should like to turn now to a review of our government accounts. The outcome of the Government's accounts over the past year has been laid before you in detail in Part 2 of the White Paper. I propose simply to note a few highlights.

Budgetary revenues in the fiscal year now ending are estimated to have been $7,673 million. You may recall that my predecessor in office expected, nearly a year ago, that revenues would rise by some 5½ per cent in the absence of any tax changes, and that he proposed to reduce this growth to just over 3 per cent by a reduction in personal income tax, which took effect last July. These revenue forecasts were based on an expected increase in the value of the Gross National Product of about 7½ per cent. In the event, our rate of economic expansion was such that the value of the GNP rose by about 9½ per cent; and revenues rose as a consequence, in spite of the tax cut, by $493 million, or 7 per cent. This is telling evidence of the considerable momentum which the expansion acquired during the course of 1965.

Expenditures within the framework of the budgetary accounts in the year now at an end are estimated at $7,707 million. This is only three-quarters of one per cent higher than was forecast in last year's budget.

I should like to congratulate my predecessor in office.

Some hon. Members: Hear, hear.

Mr. Sharp: Indeed, I should like to congratulate him again because the resulting budgetary deficit of $34 million was the lowest since the fiscal year which ended on March 31, 1957, nine years ago. To all intents and purposes therefore the budget was in balance this year.

Federal revenues and expenditures on the national economic accounts basis, which takes in non-budgetary government transactions affecting the incomes of individuals and businesses, are again explained and reconciled with the budgetary presentation in Part I of the White Paper. I should like to point out to the house, however, that there was a surplus on the National Accounts basis of some $494 million, compared with the surplus of $279 million in the previous fiscal year. In terms of the impact of the Federal Government's total receipts and payments upon the incomes of the rest of the community, this healthy federal surplus of nearly half a billion dollars was no more than was needed to absorb a substantial volume of potential private demand which would otherwise have largely been translated into higher prices and a larger deficit on current account in the balance of payments.

The Outlook for Revenue and Expenditure in the Coming Year.

I have described our economic situation and prospects and have reviewed the outcome of Federal Government transactions in the fiscal year now ending. Let me now move ahead to discuss the outlook for the new fiscal year.

First of all, without taking into account the effects of this Budget my advisers would now expect another increase of rather more than 9 per cent in the Gross National Product in 1966. Of this, a little more than 5 per cent would be in volume and 4 per cent in price. That is the prediction my advisers made without taking into account any of the proposals that I shall make subsequently. Part of the expected price increase is attributable directly to contributions under the Canada and Quebec Pension Plans and to the recently announced increase in the Ontario provincial sales tax, both of which reflect improvements in public and social services.

On the basis of present taxes and this increase in Gross National Product I would expect our budgetary revenues to be about $8,220 million in the coming fiscal year, an increase of 7 per cent. There are special reasons why this increase in revenue will be less than would normally result from such a large increase in Gross National Product. First of all, the income tax cut of 1965 applied only from July 1 last. In a full fiscal year the cost would be considerably more. In the second place, in 1966 there is a further abatement of three percentage points of basic income tax in favour of the provinces. In the third place, contributions by individuals and employers to the Canada Pension Plan and the Quebec Pension Plan, which commenced at the beginning of this year, are deductible for personal and corporation income tax purposes. Finally, corporation income tax receipts in 1965-66 included some extra revenue in respect of the movement forward of the payment period for this tax which we will not have this coming year.

I am forecasting budgetary expenditures for the coming fiscal year at $8,450 million representing an increase of nearly 10 per cent above the previous year's level. This takes into account not only the Main Estimates

which have already been tabled but the expenditures normally made from supplementary estimates. It also takes account of new legislation and programs that have been announced. It reflects as well the efforts to which I shall refer in a moment that my colleagues and I have recently made to defer capital expenditures previously planned for this coming fiscal year.

On the basis of these forecasts, before taking into account my following proposals, we would have a deficit of $230 million in our budgetary accounts. In terms of the national economic accounts there would be a surplus of $370 million.

Policy and Proposals—General

I turn now to the policies and proposals for dealing with the economic and budgetary situation I have been describing. I take this occasion to express my thanks to the numerous Canadians who, in response to my invitation, sent me their recommendations for this Budget.

Some hon. Members: Hear, hear.

Mr. Sharp: I received a great variety of suggestions, some of them quite unorthodox, which I may reveal at some time, but many of them, indeed a very large number, were constructive. If I may be pardoned a parenthetical remark, a great many of the letters said either expressly or implicitly, "I did not know you were interested in my views."

Mr. Fulton: They will find out later that you weren't.

Mr. Sharp: However, I have never regretted having sent out this general invitation.

It is clear that action should be taken promptly to moderate the present boom and to maintain a steady and sustainable rate of growth in our economy. We must avoid the kind of boom that will lead to a bust.

In seeking this major objective we wish also to protect and enhance our productivity and our ability to compete in trade with other nations. We also want to restrain the increase in our balance of payments deficit.

To achieve these aims we must moderate the increase in the total of demands being placed on the Canadian economy this year and next year. These demands include those of governments, of business, of consumers, and of those who buy our exports. We do not want to restrain export demands—we need the proceeds of exports to pay for imports and meet our very heavy obligations in respect of interest and dividends payable outside Canada.

We should restrain in some degree the increase in all the other demands this year on Canada's production.

• (8:40 p.m.)

Government Expenditures

First, in regard to our own government substantially higher this new fiscal year than in the one just closing—higher by some $743 millions, or 9½ per cent. Since last August we have been reviewing our construction programs and deferring a number of projects —both those announced at the time and others that came up subsequently for decision.

Now that we are better able to appraise the total economic situation this year, and our part in it, the Government believes it should exercise further restraint upon its own expenditures, particularly in the field of construction, during this coming fiscal year.

As a consequence the Government has made several decisions. First, that it will not undertake any substantial new programs or projects requiring expenditures in 1966-67 that are not already provided for in the Estimates or are already announced, except for what are clearly unforeseen emergencies. This will mean deferring a number of plans that have been under consideration, or which we have been requested to undertake by the provinces or others.

Second, we will limit our departmental construction programs this year to a total that will be 10 per cent less, in terms of expenditures in 1966-67, than the total figure of $348 million submitted in the Main Estimates now before the House. This will require deferment of a number of projects already included in the Estimates or otherwise announced. We have already decided to defer or re-schedule a number of specific projects which we think can and should be deferred or re-scheduled at this time, among which the following are examples:

(a) a grain elevator at Prince Rupert that we had intended to proceed with immediately but on which the tenders for construction came in at figures much higher than we thought were necessary;

(b) the proposed new Taxation Building in Ottawa, the National Museum, the National Research Council Structures Laboratory, and the commencement of buildings on the Satellite Experimental Farm;

(c) some less urgent work at airports in various parts of the country;

(d) a readjustment of the timetable for the next phase of the Northumberland Causeway project in order to minimize the pressures on the peak summertime employment market and maximize winter employment possibilities;

(e) some harbour and marine works in coastal areas where there is serious pressure on the construction industry;

(f) some smaller public buildings in Ontario and British Columbia.

I regret, and I am sure everyone in this house regrets, that it is necessary to defer these projects and others as well to which I have not referred, but I feel that it is essential to do so if we are to avoid an unreasonable level of demand on the economy this year. I hope that the provincial governments, whose construction programs have apparently increased even more than ours this year, will be able to contribute to this desirable restraint upon aggregate demand by holding back until a later year some of the projects they have scheduled for this year. I recognize that some of their requirements—particularly for schools and universities—are urgent, but there are others—for example some highway building—that could be delayed at some inconvenience but without serious economic or social consequences.

In order to permit deferment of projects, we have already agreed with the provincial governments to place before you amendments to some of our legislation to extend the deadlines for federal grants for various construction programmes. May I say to hon. members of the house that I know that this policy that I am announcing will be acceptable to most provincial governments across this country who are just as concerned as we on this side with the excessive demands that may be placed upon the construction industry this year. This was announced last August 2. We are now prepared to agree to delaying completion of centennial projects to which we are contributing, so that there will be no arbitrary pressure on this score in seeking to complete them by 1967. As a practical matter there is nothing we can do to reduce the abnormal pressure to complete work on many projects in Montreal that are part of Expo '67 or related to it. We are asking our Crown corporations to exercise restraint in respect of any of their projected building plans which can be deferred, as the Bank of Canada has done.

[Mr. Sharp.]

Income Tax

Turning now from expeditures to revenues, I shall lay before you a number of proposals affecting taxation. In the main these are designed to moderate the increase in demand of private individuals and business firms.

Let me begin with the Income Tax, the keystone of our tax system. It is the fairest of our taxes. It must be reformed, however, and made fully effective if it is to be really equitable. I believe it should be used by both Parliament and the provincial legislatures.

I should recall here some remarks I made in answer to press inquiries following the Budget Speech of the Provincial Treasurer of Ontario. He had announced Ontario's decision to increase its personal income tax for the purpose of financing its growing expenditures, a decision which has recently been embodied in a Bill placed before the Ontario Legislature. He made clear that Ontario would need to take such action whether or not there was an additional abatement of the federal tax. I said: "Any province is quite free to increase its income tax under its present arrangements with us—and I hope it will be just as free to do so under the new arrangements we will be working out this year. I think there should be as little suggestion as possible in our new arrangements that the provinces are entitled to use only a specified portion of the income tax and that in going beyond it they are somehow indulging in double taxation . . . It is of course the right of a provincial government to decide what is the right combination of taxes for it to use, having in mind both equity and economics. We and they should both take into account as best we can what one another is doing." I regard what Mr. Allan has said and done as being quite consistent with what I am proposing tonight.

[*Translation*]

We will discuss these matters in the Tax Structure Committee this year and no doubt in a full federal-provincial conference of Prime Ministers and Premiers as well. I hope we shall be able to come to understand each others' views on the use of the personal income tax by both levels of government, and that each will accept responsibility for the extent to which it uses this tax, knowing the others' views. I would hope, moreover, that the provinces will be prepared to continue to follow our lead in regard to the various detailed provisions of the law in order to

minimize the trouble to which taxpayers may be subject in preparing their returns.

[*English*]

Last year Parliament reduced the income tax by 10 per cent of the basic tax with an upper limit of $600. This was done on the basis of the Government's appraisal of the economic situation at that time and the desirability of stimulating the expansion and growth of the economy.

Some hon. Members: Oh, oh.

Mr. Sharp: It is quite clear, Mr. Speaker, from what I have been saying that this stimulus served to make 1965-66 the most prosperous year in Canada's history.

The stimulus has served its purpose and is no longer appropriate. As a consequence I feel we should now withdraw most of last year's tax cut.

In making the change I feel that we should, however, lighten the load upon those with the lowest incomes. I do so having considered the total tax load being imposed by all governments in all forms.

• (8:50 p.m.)

Accordingly I now propose that effective June 1 we reduce the present limit on the tax cut from $600 per annum to $20 per annum. At the same time I propose that the rate of the tax cut, now 10 per cent, be changed to 20 per cent. With the new limit of $20 only the lowest brackets will benefit from this change in the rate. The result of these changes will be that those with average or better than average incomes will revert to tax levels slightly below the levels that prevailed in 1964. Those with lower than average incomes will pay less tax than they did at that time and less than they are now paying. This new rate of tax will prevail after June 1 this year and will be reflected in the deductions then made. The tax liability for the year 1966 will be a blend of what was enacted in 1965 to be in effect this year and the revised rates proposed to apply after June 1. I would ask permission at this point to insert in *Hansard* tables to illustrate the effect of these changes.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Editor's note: The tables referred to above are as follows:*]

TABLE 1

TO ILLUSTRATE PROPOSED PERSONAL INCOME TAX CHANGE

Single Taxpayers—no dependants

Income	Net Federal tax for 1966 if no change made	1965 tax cut to be cancelled	New tax cut for a full year	Change in tax for a full year		Net Federal tax for 1966
$	$	$	$	$	%	$
1,300	15	2	4	− 2	− 15	13
1,500	29	4	9	− 4	− 15	26
2,000	65	10	20	− 10	− 15	59
2,500	110	17	20	− 3	− 3	108
3,000	156	24	20	+ 4	+ 2	158
5,000	390	59	20	+ 39	+ 10	414
7,500	762	115	20	+ 95	+ 13	819
10,000	1,214	184	20	+164	+ 14	1,313
15,000	2,396	363	20	+343	+ 14	2,602
25,000	5,537	600	20	+580	+ 11	5,885
50,000	15,333	600	20	+580	+ 4	15,741

The amounts shown above as net Federal tax are after deducting an abatement of 24% in accordance with current federal-provincial arrangements. The Federal tax in Quebec is lower because of additional abatements but the amount of tax cut is the same in each case. The amounts shown do not include provincial income tax or the old age security tax. It was assumed that taxpayers take the optional standard deduction of $100.

For 1966 the "1965 tax cut" will remain in effect for the first 4/10ths of the year and the "new tax cut" will be in effect for the remainder of the year. The "Net Federal tax for 1966" is after deducting a blend of these two tax adjustments.

TABLE 2

TO ILLUSTRATE PROPOSED PERSONAL INCOME TAX CHANGE

Married Taxpayer—no dependants

Income	Net Federal tax for 1966 if no change made	1965 tax cut to be cancelled	New tax cut for a full year	Change in tax for a full year		Net Federal tax for 1966
$	$	$	$	$	%	$
2,300	14	2	4	− 2	− 15	13
2,500	29	4	9	− 4	− 15	26
3,000	65	10	20	− 10	− 15	59
4,000	156	24	20	+ 4	+ 2	158
5,000	266	40	20	+ 20	+ 7	278
7,500	606	92	20	+ 72	+ 12	649
10,000	1,019	154	20	+134	+ 13	1,100
15,000	2,132	323	20	+303	+ 14	2,314
25,000	5,195	600	20	+580	+ 11	5,543
50,000	14,915	600	20	+580	+ 4	15,263

The amounts shown above as net Federal tax are after deducting an abatement of 24% in accordance with current federal-provincial arrangements. The Federal tax in Quebec is lower because of additional abatements but the amount of tax cut is the same in each case. The amounts shown do not include provincial income tax or the old age security tax. It was assumed that taxpayers take the optional standard deduction of $100.

For 1966 the "1965 tax cut" will remain in effect for the first 4/10ths of the year and the "new tax cut" will be in effect for the remainder of the year. The "Net Federal tax for 1966" is after deducting a blend of these two tax adjustments.

TABLE 3

TO ILLUSTRATE PROPOSED PERSONAL INCOME TAX CHANGE

Married Taxpayer—2 dependent children eligible for family allowance

Income	Net Federal tax for 1966 if no change made	1965 tax cut to be cancelled	New tax cut for a full year	Change in tax for a full year		Net Federal tax for 1966
$	$	$	$	$	%	$
3,000	22	3	7	− 3	− 15	20
3,500	58	9	18	− 9	− 15	53
4,000	100	15	20	− 5	− 5	97
5,000	199	30	20	+ 10	+ 5	205
7,500	519	79	20	+ 59	+ 11	554
10,000	916	139	20	+119	+ 13	987
15,000	1,973	299	20	+279	+ 14	2,141
25,000	4,986	600	20	+580	+ 12	5,334
50,000	14,665	600	20	+580	+ 4	15,012

The amounts shown above as net Federal tax are after deducting an abatement of 24% in accordance with current federal-provincial arrangements. The Federal tax in Quebec is lower because of additional abatements but the amount of tax cut is the same in each case. The amounts shown do not include provincial income tax or the old age security tax. It was assumed that taxpayers take the optional standard deduction of $100.

For 1966 the "1965 tax cut" will remain in effect for the first 4/10ths of the year and the "new tax cut" will be in effect for the remainder of the year. The "Net Federal tax for 1966" is after deducting a blend of these two tax adjustments.

[Mr. Sharp.]

Mr. Sharp: Mr. Speaker, the Department of Finance estimates that this change in the income tax will increase our revenues at a rate of approximately $210 million per annum. The direct effect in the fiscal year 1966-67 should be about $140 million. It is designed to reduce moderately the rate of increase of consumer expenditures.

I am proposing a few technical changes in the Income Tax Act.

The first is to make more clearcut and specific arrangements in regard to charitable donations. All charitable organizations will be asked to register and to file annual returns of information. Only donations to such registered charitable organizations will be permitted as deductions from income in future years. This will not however affect the existing provision whereby a taxpayer may deduct up to $100 for charitable contributions or medical expenses without submitting receipts. In addition, donations to certain specified classes of charitable organizations outside Canada will be allowed as deductions. The essential points are given in the resolution and the Minister of National Revenue can explain the plans regarding registration when the resolution is under consideration.

Like all Ministers of Finance, I am concerned about the loopholes that remain in the law despite the vigilance of all my predecessors, and I am proposing a number of provisions on this score.

I should like to draw attention to some of them. In recent months there has been evidence of increasing abuse of the section of the Act providing special tax treatment for deferred profit sharing plans. In 1960 and 1961 my predecessor, then the hon. member for Eglinton, with the worthiest of motives, introduced a section in the Act to provide for these plans, which he described as an important piece of social legislation. Since then various businessmen and their professional advisers have exploited this well-intended but vulnerable section in various ways. Essentially what happens in typical cases is that contributions of profits from a business, made deductible in computing income for tax purpose and held in a tax free fund, which were intended to benefit the employees of the business generally are being diverted to benefit a few key people, chief shareholders or their relatives or heirs. The Minister of National Revenue will not accept any more deferred profit sharing plans for registration until we deal with the matter by a revision of the Act. There is a fairly general paragraph in the Resolution covering the essential points, which would apply to existing plans as well as new ones.

In the income tax regulation there are a number of special rates of capital cost allowances that have been granted for limited periods as inducements to action of one kind or another. These will be allowed to expire at the dates now specified, with one exception, namely the special rate on property acquired for the prevention of water pollution. This will be extended until the end of December 1967. Some of these special capital cost allowances are being replaced by grants, which in our view represent a more effective and fairer method of encouraging investment in designated areas, and industrial research and development.

The Resolution includes a paragraph to extend from April 1967 until April 1968 the deadline for the commencement of production for manufacturing projects in designated areas, on which construction has already started, if they are to qualify for the three-year exemption from income tax. Some of these projects are being delayed by events beyond the control of the companies concerned. The purpose of this action is to reduce the pressure that now exists to compete strenuously for equipment, materials and skilled labour which are in short supply. This is similar in principle to the proposed extension of the deadlines in the incentives offered provinces and municipalities to undertake certain types of construction work.

We also propose to extend the three-year tax exemption for new mines to wells for extracting potash by the solution method.

Withholding Tax

I come now, Mr. Speaker, to a major change affecting the sale of Canadian bonds to foreign buyers. The 15 per cent non-resident withholding tax on interest now constitutes in some measure an impediment to the sale of Canadian bonds in the United States and Europe.

In order to improve the market for such securities I propose that interest on bonds and debentures dated after April 15, 1966, issued by the federal or provincial governments or their agencies guaranteed by those governments, or issued by municipalities, or by hospitals and educational institutions guaranteed by a province, shall be exempt from this withholding tax. I have given consideration to whether this exemption should be extended to bonds and similar obligations

issued by businesses or individuals in Canada but I have concluded that I should not come to a decision on this point pending the general review and revision of the Income Tax Act.

This new exemption from the withholding tax will not reduce our revenue from outstanding issues, interest on which is already subject to the tax and will remain subject to it. It will eliminate our revenue from new issues that we would otherwise have expected to yield a tax, and this may cost the Treasury two or three million dollars in 1966-7. There should on the other hand be some saving to provinces and municipalities in what it is necessary to pay in interest to foreign lenders. I hope it will enable some borrowing to be done in Europe, despite the high cost of borrowing there.

I have described the steps to be taken to moderate the growth of government expenditure and consumer spending. I am going to propose three important measures affecting private capital investment. These are complementary, and taken together, should in my judgment effect a reasonable but not excessive degree of restraint on the rate of increase in investment demand.

Sales Tax and Excise taxes

First, the sales tax. I intend to review it thoroughly in the light of the Royal Commission report, our experience with the Tax and the criticisms we have received. Meanwhile several changes should be enacted now.

Beginning in 1963 the house will recall that the exemption from sales tax of building materials and of production machinery and equipment was withdrawn in several stages. The revenue that accrued from this step made a vital contribution to the improvement of the financial position of the Federal Government and the restoration of confidence in our fiscal capacity. It has not stood in the way of a rapid increase in capital investment, and indeed in the past few months has probably assisted in moderating an excessively rapid rate of increase. For a country such as Canada, however, where the ability to compete internationally is so important and where we must maintain a high rate of investment in modern machinery and equipment in order to achieve the increases in productivity which we all want, we should not have a sales tax on—

Some hon. Members: Hear, hear.

[Mr. Sharp.]

Mr. Sharp: I repeat, Mr. Speaker, that we should not have a sales tax on production machinery and equipment as a permanent feature of our system.

Some hon. Members: Oh, oh.

Mr. Sharp: On the other hand, the immediate removal of the tax on the whole of this category at the present time would only tend to exaggerate the capital investment boom now in progress.

• (9:00 p.m.)

There is, however, a certain type of machinery and equipment with very short lifetime, expenditures on which are really part of the current costs of production and which bear significantly upon our export trade and upon production that competes with imports. I refer to dies, jigs, fixtures and moulds, and tools for use in production machinery for shaping and working materials. I have come to the conclusion that these should be made exempt from sales tax forthwith. This is covered in the resolutions that I am placing before you and will go into effect provisionally at midnight tonight.

I next propose that Parliament legislate now to provide for the future restoration of the exemption for the remaining categories of production machinery and equipment. I propose that the exemption be restored partially a year hence, at the beginning of April 1967, by a reduction in the rate then by 5 percentage points, and that it be restored fully a year later, at the first of April 1968. Should the economic circumstances change in the meantime and make an earlier removal of this tax on machinery and equipment economically desirable, I will not hesitate to recomment to parliament in my next Budget that the remaining tax be removed at an earlier date.

The advance enactment of this exemption is proposed deliberately so that businesses can take it into account in their planning. It will constitute some inducement to defer the acquisition of machinery and equipment at a time when the expenditures on these categories seem likely to be exceedingly high, if not in fact excessive, judging from the figures that have just been published in the survey of intentions for private and public capital expenditures this year.

I am not convinced that the exemption from the sales tax for building materials should be restored. The arguments for this are not as strong as those that apply to

machinery and equipment, and I am reserving judgment on it until I am able to review our tax system as a whole.

I am also recommending a few minor revisions in the sales tax which will be found set forth in the resolutions and can best be explained and discussed when they are under consideration.

I renew the undertaking given last year by my predecessor, the hon. member for Davenport (Mr. Gordon), that if the considerations of the Special Committee of the House on Food and Drugs lead it to recommend that drugs should be exempt from sales tax as part of a comprehensive and effective programme to reduce the prices of drugs, then the Government would be prepared to recommend such action by means of a special statute covering all the measures required to give effect to such a program.

I have considered the various special excise taxes that are imposed on a number of commodities under the Excise Tax Act. I cannot afford any wholesale revision of these until it can be done in the light of a general program of reform. I am proposing a minor simplification of the excise tax on electronic tubes and cigarette lighters.

The reduction in revenue consequent upon the actions I have proposed for immediate application in regard to the Excise Tax Act would be $21 million in the coming fiscal year. The cost of the first reduction in the present rate of sales tax on production machinery and equipment is estimated to be an additional $63 million in the fiscal year 1967-68. Given the present economic and budgetary outlook, this prospective reduction in revenue and the further reduction in the following year will have to be replaced, when the time comes, by increases in other tax revenues.

Special Temporary Measures

The proposal to provide now for the future reduction and later elimination of the sales tax on production machinery and equipment is the first of my three proposals designed to encourage the postponement of some private investment. I now wish to propose two temporary measures with the same objective.

In designing these measures I have been especially concerned to avoid tax increases of a kind that would get built into production costs and impair our future competitive position. After reviewing measures we have taken in the past, such as the deferred depreciation rules of 1951 and 1952 with which I was closely concerned as an official, and the well known Swedish tax free reserve plan, and several other possibilities put forward by the Department, I have selected two which I think are appropriate to our present Canadian circumstances. They can be brought quickly into effect, they will provide prompt pressures upon and inducements for business to defer capital expenditures, they will not add to the costs of production, and they will help business to maintain capital expenditures in future years. Each can be terminated on short notice without serious effects, should our economic circumstances change substantially.

The first measure has been put into effect by the government in an amendment to the Income Tax Regulations that comes into effect tonight. It reduces the capital cost allowances that may be claimed for various classes of capital assets acquired during the period between now and October 1, 1967—about 18 months. This appears to me the period over which special inducements to postpone business capital expenditures are likely to be necessary, though of course this is a difficult matter to forecast. As I have said, these are the kinds of measures that can be changed quickly, and without any long delays.

This measure will restrict capital cost allowances for certain classes of assets during the three-year period following acquisition, by applying the normal rates to part only of the capital cost of the assets. It will apply to the classes that include most kinds of buildings, machinery and equipment, but not to heavy construction equipment, pipelines or the generating and distributing equipment of public utilities.

For those who need to know more precisely what is affected I should make it clear that the classes involved are numbers 3, 6, 8, 9, 10, 11 and 16. The effect of this measure is approximately the same as if we had reduced the rates for classes 3, 6 and 8 by one half, and for the other classes by ten percentage points. The exact details can be found in the Regulations which I will ask leave to table at the end of my speech.

It will not apply to property acquired under written contracts which can be shown to have existed tonight, to assets which have been used before tonight, nor to assets which are acquired for installation and use in designated areas, or those covered by the special temporary classes established as incentives.

We have for many years used increased rates of capital cost allowances as induce-

ments for accelerating business investment. Indeed we have been using them recently. It is logical that we should now use reductions in these allowances to induce business to defer a part of its investment.

The other temporary measure is designed to divert and immobilize temporarily a modest portion of the flow of funds that is the chief source of finance for the increasing capital expenditure of businesses. I am proposing a wholly new device—a refundable tax on cash profits. It would be payable by all corporations not exempt from tax under Section 62 of the Income Tax Act, and by certain types of trusts on specified types of income. The base for the tax would be the taxable income of the company for the current year, less the income tax payable thereon, plus capital cost allowances deducted in determining income, plus depletion allowances and certain other items that are specified in the Resolution. In determining the tax base we would deduct from this adjusted net taxable income principal payments due and made on the debt of the company which had an original term of three years or longer under written loan contracts existing tonight. This is more precisely described in the Resolution. There will be a general deduction of $30,000 which should be adequate to mitigate the impact of the tax on smaller businesses which do not have ready recourse to the capital market. The appropriate rate of tax has involved a difficult judgment but I have decided on 5 per cent bearing in mind the many items added and deducted in establishing the base. Further details are given in the Resolution, and the measure itself will be incorporated as a separate temporary part added to the Income Tax Act.

This refundable tax would be payable monthly commencing in May this year for a period of 18 months. The monthly payments would be made on an estimated tax base computed by reference to the present or immediately preceding tax year subject to adjustment at the end of the period.

The amounts received under this new measure would be repaid, with interest at 5 per cent, after an interval of 18 to 36 months after receipt. The specific period within this range would be determined by the Government in the light of the economic prospects as assessed late in 1967.

There will of course be problems to be solved in working out the details of a novel measure of this kind, and I shall welcome constructive suggestions from those affected by it or those expert in tax matters or economics as to how we can best accomplish the essential purpose of this measure with the least amount of unnecessary disruption. Some changes in investment plans should result, of course, since this is the purpose of the measure. I would appreciate receiving such suggestions first in writing, or in the House during the debate on the Budget itself, so I can take them into account as early as possible, in the framing of the legislation.

• (9:10 p.m.)

It is difficult to assess with any accuracy the quantitative effects of these new measures relating to capital expenditures. The temporary reduction in capital cost allowances below normal levels will act in the right direction in bringing about some postponement of capital expenditures. It will also increase our corporate tax revenues. The prospect of the reduction and later elimination of the sales tax on machinery and equipment will be a more powerful incentive to postpone capital expenditures. The refundable tax on cash profits should yield I would think something of the order of a quarter of a billion dollars in a full year. All in all, I would think it reasonable to expect that these three measures taken as a whole might result directly and indirectly in a reduction by a third of a billion dollars this year of the intended increase in business investment expenditure.

That increase—not the total; just the increase itself—was estimated at about one and one quarter billion dollars in the Public and Private Investment Outlook for 1966. This reduction in the rate of increase would be only a moderate one, but should serve to bring the total increase much closer into line with the increase in our capacity to produce what is demanded taking into account that there is some spare capacity available in designated areas. Similarly it should restrain the increase that would otherwise occur in the current account deficit of our balance of payments. The aftermath of these deferments should help to maintain a high level of business investment in future years and thus contribute to sustained growth, because the house will have noticed that all these measures have a very stimulating effect, eventually, on the level of construction, and thus help to stretch out our business prosperity.

Resulting Budgetary and Cash Position

Drawing together the effects upon our revenues and budget position of the results of

these various measures requires consideration of the effect of them on total expenditures and incomes and thus on our revenues from existing taxes. The department estimates that the budget measures as a whole should restrain the increase in Gross National Product to something over 8½ per cent instead of over 9 per cent as I mentioned before the tax changes. One must recognize that many imponderables must be assessed in any such calculation. We hope and expect that most of this reduction would consist of a smaller increase in costs and prices.

Taking this reduction in Gross National Product into account I estimate that our budgetary revenues, after the tax changes will be $8,300 million. This excludes the yield of the refundable tax which cannot properly be included in revenues for accounting purposes, though it has similar economic effects and I am assuming the statisticians will include it in revenues for the purpose of the national economic accounts.

With the consent of the House I would like to place on *Hansard* here a table summarizing our expected revenues from various sources making up this total of $8,300 million, and the tax revenues which go into the Old Age Security Fund. I am including for comparison our preliminary figures for revenues in the current fiscal year.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Sharp: The table is as follows:

[*Editor's Note: The table above referred to is as follows:*]

Table 4

Budgetary and Old Age Security Fund Revenues

	1965-66 Preliminary $ million	1966-67 Forecast after Tax Changes $ million
Personal Income Tax	2,150	2,378
Corporation Income Tax	1,610	1,731
Non-resident withholding tax	170	177
Estate tax	107	101
Customs duties	676	749
Sales tax	1,385	1,475
Other duties and taxes	734	773
Total taxes	6,832	7,384
Non-tax revenues	841	916
Budgetary revenues	7,673	8,300
Old age security fund revenues	1,163	1,277
Total revenues	8,836	9,577

Setting these revenues against our budgetary expenditures of $8,450 millions leaves us with a budgetary deficit of $150 million for the new fiscal year—again disregarding the yield of the refundable tax. In terms of the national economic accounts, where I am including as revenue the yield of this refundable tax, I am forecasting a surplus of about $615 million, compared with $494 million in the year now closing. These figures do not include the accumulation of funds in the Canada Pension Plan, which will be shown separately in the statistics. Such accumulation will be an additional source of national savings, as will be the corresponding item for the Quebec plan. I shall include with the budget papers as an appendix to *Hansard* if the House will agree, tables giving these national economic accounts figures and their reconciliation with the budgetary accounts.

We have of course many substantial transactions outside our budgetary accounts which must be taken note of in assessing our overall position. Our loans and investments will be higher this coming year than in the year now closing, chiefly because of Expo 1967 whose cash requirements will be at a peak this year. Another large factor will be our disbursements of Municipal Development Loans which will be high as projects are completed and interim financing is refunded by drawing upon the loans we have approved. On the other hand our non-budgetary receipts, apart from public debt transactions, will be down modestly, apart from the refundable tax—which I would leave out of account for the present, as well as any change in the level of our exchange reserves. The net balance of non-budgetary items on this basis I would expect to be a requirement of about $350 million compared with $163 million last year. Adding this to the budget deficit would give a total requirement for cash of about $500 million this year compared to $187 million shown in the White Paper for the year now closing.

I do not propose that we should disburse the funds we receive from the refundable tax as we do normal revenue. Instead I would plan to hold it as an addition to whatever

cash balances we would otherwise hold, unless economic circumstances change and make it economically desirable for us to borrow less and ease the pressure on the capital market.

I should also recall that in our balance of payments arrangements with the United States the government has agreed that it would aim to reduce its exchange reserves to a range that would centre around $2,600 million. This would involve a reduction of an order of magnitude of about $200 million from the figure at the beginning of this month. However, the Government of Canada may either have to purchase Canadian securities held in the United States or itself borrow in the United States, depending on the requirements of our balance of payments and the borrowing which others do outside Canada. Consequently I believe we should not try at this time to forecast the effect of these prospective changes in our reserves and related transactions upon our requirements for cash in Canada.

Our cash balances now, very near to the beginning of the year for which we are budgeting, are reasonably high. The extent to which we should draw them down rather than borrow to meet our cash requirements will be a matter to be decided upon from time to time during the year depending upon the state of the capital market, monetary policy and other economic circumstances. In this new fiscal year it is evident that our debt management decisions and operations will have an important role to play in our general economic policy.

I should point out that the accumulation and investment of funds under the Canada Pension Plan, though large, will have little bearing upon our accounts or financing since we lend all these funds, except working balances, to the provincial governments or their agencies in accordance with the Canada Pension Plan act.

Concluding Remarks

Before concluding I should like to make two points briefly. The Economic Council for Canada in its first Annual Review, in describing the conditions and policies which it considered necessary to reach our economic goals —as indicated in the Act establishing the Council—called for "Responsible restraint in both wage demands and business pricing policies, with clearer recognition that failure to maintain reasonable price and cost stability will frustrate the attainment of other basic economic objectives, such as balance of payments viability and high employment, while also comprising our capacity to achieve steadily advancing living standards for the Canadian people, reasonable profitability of business, and the maintenance of purchasing power of pensions and savings." This is a time when all Canadians should observe such restraint, in our own long term interest, and resist the temptation to exploit the bargaining positions which the present boom presents to many in the country.

Second, we need more saving on the part of Canadians, and more investment in the capital assets of Canada's economy—private and public. We need it now more than ever before in normal peacetime. A modest increase in saving at the cost of reducing personal expenditure in boom times is a means by which Canadians, as individuals, can contribute to the success of national economic policy. The poor that remain among us cannot be expected to save more this way—but those of average incomes and better can.

[*Translation*]

I need hardly say that as a new Minister of Finance I would have preferred the main features of my first Budget to be proposals to reduce taxation. But we can all take satisfaction from the fact that our problems are no longer the problems of overcoming slackness or stagnation but those of managing growth and prosperity. Our task is to sustain the longest economic expansion in Canadian history.

[*English*]

I want to take this opportunity to express my warm appreciation of the contribution to this expansion that was made by the policies of my predecessor the hon. member for Davenport (Mr. Gordon).

• (9:20 p.m.)

I believe the measures I have proposed tonight will serve to moderate but by no means eliminate the increase in demand on our economy this year. Our situation calls for some restraint in expansion; it does not call for deflation. As a nation we should ease up our foot on the gas pedal, not slam on the brakes. We want growth, but sustained growth, not erratic fluctuations. The keynote of this budget is moderation. This is what is needed today if we are to guide our economy toward successive years of expansion and continued prosperity.

23033—215½

RESOLUTIONS

CUSTOMS TARIFF

1. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 945–1, 7905–1, 20925–1, 21045–1, 23505–1, 23705–1, 24100–1, 26325–1, 41105–1, 42205–1, 44043–1, 44047–1, 44125–1, 70500–1, 70505–1 and 84805–1, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
945–1	Feeds for use exclusively in the feeding of trout	Free	Free	25 p.c.	Free	Free	25 p.c.
	on and after July 1, 1968	15 p.c.	20 p.c.	25 p.c.	15 p.c.	20 p.c. (on and after July 1, 1966)	25 p.c.
7905–1	Carnation cuttings in their first year of introduction	Free	Free	Free	Free	Free	Free
					12½ p.c.	12½ p.c.	30 p.c.
20925–1	Potassium chloride (Applicable to December 31, 1967)	Free	Free	25 p.c.	Free	Free (Applicable to December 31, 1966)	25 p.c.
21045–1	Sodium hypochlorite in solution (Applicable to December 31, 1967)	15 p.c.	20 p.c.	30 p.c.	15 p.c.	20 p.c. (Applicable to December 31, 1966)	30 p.c.
23505–1	Liquorice blocks, granules, paste or powder, not sweetened	Free	12½ p.c.	17½ p.c.	Free	12½ p.c.	17½ p.c.
					Free	15 p.c.	25 p.c.
23705–1	Deuterium oxide or heavy water; uranium in the form of pigs, ingots, billets or bars	Free	Free	25 p.c.	Free	Free	25 p.c.
	on and after July 1, 1968	Free	15 p.c.	25 p.c.	Free	15 p.c. (on and after July 1, 1966)	25 p.c.
24100–1	Litharge and mixtures or combinations of litharge with other materials, such mixtures or combinations to contain not less than 50 per cent by weight of litharge, for use exclusively in the manufacture of storage battery plates	Free	Free	Free	Free	Free	Free
					15 p.c.	20 p.c.	25 p.c.
26325–1	Compounds of tetramethyl lead, in which tetramethyl lead is the preponderant constituent by weight (Applicable to December 31, 1967)	12½ p.c.	12½ p.c.	25 p.c.	12½ p.c.	12½ p.c. (Applicable to December 31, 1966)	25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
41105-1	Machines, logging cars, cranes, captive balloons having a volume of 150,000 cubic feet or more, blocks and tackle, wire rope, but not including wire rope to be used for guy ropes or in braking logs going down grade, and parts of all the foregoing, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier.	10 p.c.	12½ p.c.	20 p.c	10 p.c 25 p.c. 20 p.c	12½ p.c. 25 p.c. 27½ p.c.	20 p.c. 35 p.c. 50 p.c.
42205-1	Concrete road-paving machines, self-propelling, end loading type, with a capacity of 21 cubic feet of wet concrete or more; concrete and asphalt road finishing machines; form graders; sub-graders; combination excavating and transporting scraper units; concrete mixers, transit type; dump wagons or trailers, having a capacity of 10 cubic yards or over, not self-propelled; back-filling machines and equipment, mounted on self-propelling wheels or crawling traction, semi- or full-revolving boom and scraper type; steam or air driven pile hammers or extractors; truck turntables; all the foregoing of a class or kind not made in Canada, parts thereof.....	Free	7½ p.c.	12½ p.c.	Free Various	7½ p.c. Various	12½ p.c. Various
	Aircraft, not including engines, under such regulations as the Minister may prescribe:						
44043-1	When of types or sizes not made in Canada..... on and after July 1, 1967	Free Free	Free 15 p.c.	27½ p.c. 27½ p.c.	Free Free	Free 15 p.c. (on and after July 1, 1966)	27½ p.c. 27½ p.c.
	Aircraft engines, when imported for use in the equipment of aircraft:						
44047-1	When of types or sizes not made in Canada..... on and after July 1, 1967	Free Free	Free 15 p.c.	27½ p.c. 27½ p.c.	Free Free	Free 15 p.c. (on and after July 1, 1966)	27½ p.c. 27½ p.c.
44125-1	Guns and rifles of a class or kind not made in Canada; parts thereof.....	Free	7½ p.c.	30 p.c.	Free 10 p.c. 15 p.c.	7½ p.c. 22½ p.c. 20 p.c.	30 p.c. 35 p.c. 30 p.c.

44725–1	Well points, well screens, well strainers, pitless well heads; all the foregoing of a class or kind not made in Canada, parts thereof	Free	7½ p.c.	12½ p.c.	Free 10 p.c.	7½ p.c. 22½ p.c.	12½ p.c. 35 p.c.
57210–1	Oriental rugs or carpets with pile hooked or knotted by hand	15 p.c.	15 p.c.	40 p.c.	25 p.c.	25 p.c.	40 p.c.
	and, per square foot		5 cts.	20 cts.		5 cts.	20 cts.
70505–1	Goods, as defined by regulations made by the Minister, imported by a settler for his household or personal use, if actually owned by the settler and in his possession and use before his removal to Canada, under such regulations as the Minister may prescribe	Free	Free	Free	Free Various	Free Various	Free Various
	Any goods imported under this tariff item which are sold or otherwise disposed of within twelve months after importation are subject to the duties and taxes otherwise prescribed.						
84805–1	Machines and apparatus and parts thereof (including motive power) of a class or kind not made in Canada and drilling mud, for use in the exploration, discovery, development and operation of potash and rock salt mines or for use in the production of crushed and screened rock salt	Free	Free	Free	Free	Free	Free

[Mr. Sharp.]

2. Resolved, that Schedule B to the *Customs Tariff* be amended by striking out item 97052-1 and the enumeration of goods and the rate of drawback of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rate of drawback of duty:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
97052-1	Machines; precision instruments and apparatus for heat treating, welding, sorting, testing, inspecting or correcting; control panels for use with the aforementioned machines and precision instruments and apparatus; all of the foregoing of a class or kind not made in Canada; accessories and attachments for use with the aforementioned machines and precision instruments and apparatus; parts of all the foregoing, not including consumable tools.	When used in the plants of manufacturers of automobiles and motor vehicles or of automobile or motor vehicle parts for the manufacture of automobiles and motor vehicles or of automobile or motor vehicle parts; or when used for the manufacture of dies, jigs, fixtures or moulds which are used in the production of automobile or motor vehicle parts	99 p.c.

3. Resolved, that Schedule C to the *Customs Tariff* be amended by striking out item 99219-1 and the enumeration of goods set opposite that item, and by inserting therein the following item and enumeration of goods:

99219-1	Used or second-hand mattresses or materials therefrom: This item does not affect in any manner: (*a*) mattresses imported under traiff items 70405-1, 70410-1, *70505-1*, 70600-1, 70700-1, 70800-1, or under tourists' or travellers' vehicle permits; (*b*) materials from used or second-hand mattresses, when imported after having been cleaned and fumigated, under such regulations as the Minister may prescribe, accompanied by such certificates as he may designate.

4. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the 30th day of March, 1966, and to have applied to all goods mentioned in the said resolutions imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

INCOME TAX ACT RESOLUTION

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1967 and subsequent taxation years the deduction from individual income tax equal to the lesser of 10 per cent of basic tax or $600, described in subsection (4) of section 33 of the said Act, be replaced by a deduction equal to the lesser of 20 per cent of basic tax or $20, and that for the 1966 taxation year the deduction be equal to the aggregate of

(a) 4 per cent of basic tax or $240, whichever is the lesser, and

(b) 12 per cent of basic tax or $12, whichever is the lesser.

2. That for the 1967 and subsequent taxation years,

(a) a gift made to a charitable organization in Canada exempt from tax by paragraph (e) of subsection (1) of section 62 or to a corporation or trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection may be deducted in computing taxable income for the year only if the donee is a registered Canadian charitable organization, and for this purpose a registered Canadian charitable organization shall mean

(i) a charitable organization in Canada exempt from tax by paragraph (e) of subsection (1) of section 62 or a corporation or trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection, or

(ii) a branch, section, parish, congregation or other division of an organization described in (i) that receives donations on its own behalf,

that has been registered in a prescribed manner with the Minister of National Revenue and has filed a return in prescribed form; and

(b) the aggregate of gifts that a taxpayer may deduct in computing his taxable income for a taxation year by virtue of paragraph (a) of subsection (1) of section 27 of the Act may include a gift made

(i) to the United Nations or any agency thereof,

(ii) to a university outside Canada prescribed to be a university the student body of which ordinarily includes students from Canada, or

(iii) to a charitable organization outside Canada to which Her Majesty in right of Canada has made a gift during the calendar year coinciding with or ending in the taxation year.

3. That with respect to bonds or other obligations issued after April 15, 1966, interest on such bonds or other obligations

(a) of or guaranteed by the Government of Canada,

(b) of the government of a province,

(c) of an agent of a province, an educational institution or a hospital, where repayment of the principal amount thereof and payment of the interest thereon is guaranteed by the government of the province, or

(d) of a municipal or local government established under provincial law,

be exempt from the 15% non-resident withholding tax.

4. That with respect to taxation years ending after March 29, 1966, a corporation whose principal business during the year after that date was trading or dealing in bonds, shares or debentures will not be eligible to pay tax at the special 15 per cent rate of tax provided by section 70 of the said Act.

5. That with respect to dividends received after March 29, 1966, a non-resident-owned investment corporation may not deduct from its income in computing its taxable income a dividend received by it from another non-resident-owned investment corporation other than a dividend paid by a non-resident-owned investment corporation that had previous to the payment of the dividend, and at a time when it was taxable as a non-resident-owned investment corporation, paid dividends (other than dividends on which no tax was payable under the said Act) the aggregate amount of which is not less than the corporation's surplus determined in the manner prescribed for purposes of subsection (1a) of section 106 of the said Act for taxation years for which it was not taxable as a non-resident-owned investment corporation.

6. That for the 1966 and subsequent taxation years an employee may not deduct in computing his income an amount in respect of tuition fees paid on his behalf by his employer in excess of the amount included in his income in respect of the said fees.

7. That with respect to a benefit received after March 29, 1966 by virtue of a plan under which a corporation agrees to sell or issue shares to its employees, the rules described in subsection (2) of section 85A of the said Act that an employee may elect to use to calculate the amount of tax on the said

benefit be amended so that the 20 per cent of the amount of the benefit referred to in subparagraph (ii) of paragraph (b) of the said subsection will not exceed $200, but that this amendment shall not apply if the right to acquire shares was given to the employee before 1965 and the benefit is received before January 1, 1967.

8. That it be declared for greater certainty that the expression "in Canada" in the said Act includes and has always included the sea bed and sub-soil of the submarine areas adjacent to the coasts of Canada in respect of which grants are issued, by the Government of Canada or of a province, of a right, license or privilege to explore for, drill for or take any materials or substances.

9. That with respect to operations that come into commercial production after March 29, 1966, the definition of a mine be amended so that all wells, the material that is extracted from sylvite deposits by means of which is sent to a single plant for processing, be deemed to be one mine, and that where an operation that would qualify as a mine by reason of an enactment based on this resolution came into commercial production within the three years preceding March 29, 1966, that part of the income of the operator thereof that is attributable to commercial production therefrom in the part of the first 36 months of such operation that falls after March 29, 1966, shall be deemed to be income from the operation of a mine.

10. That the date before which a new manufacturing or processing business must have commenced manufacturing or processing in reasonable commercial quantities in a designated area in order to qualify for an exemption from tax on its income from such operations for 36 months after the commencement of operations be changed from April 1, 1967 to April 1, 1968 in the case of a manufacturing or processing business where evidence satisfactory to the Minister of Industry is furnished to establish that:

(a) the facilities to be used in the said business were in the process of being constructed, installed or assembled on the site of the proposed business premises on March 29, 1966, and

(b) the said business is unable to commence manufacturing or processing in reasonable commercial quantities before April 1, 1967, by reason of an event beyond the control of the said business.

[Mr. Sharp.]

11. That the provisions of section 79C of the said Act dealing with deferred profit sharing plans be revised and in particular that the said provisions:

(a) authorize the Governor in Council to make regulations to define the property in which funds of a trust governed by a plan may be invested,

(b) require that property of a trust governed by a plan be vested in the employees who are beneficiaries under the plan, and

(c) provide rules for taxing amounts reallocated when employees who are beneficiaries under a plan cease to be beneficiaries under the plan.

12. That paragraph (u) of subsection (1) of section 11 be amended to provide that the deduction from income provided thereunder shall not apply with respect to amounts paid after March 29, 1966, to a trustee under a deferred profit sharing plan.

13. That section 79A of the Act, dealing with supplementary unemployment benefit plans, be amended to provide for the registration of such plans for the purposes of the said Act and to authorize the making of regulations governing the qualifications required of such plans for registration.

14. That with respect to each taxation year included in whole or in part in the period commencing May 1, 1966, and ending October 31, 1967, a special refundable tax at the rate of 5 per cent shall be payable by all corporations that are not exempt from tax under the said Act by virtue of section 62 thereof and by all trusts (other than trusts arising on death) calculated, in the case of a corporation, on a tax base (hereinafter called the corporate tax base) comprising the aggregate of

(a) its taxable income or loss,

(b) amounts deducted under paragraph (a) of subsection (1) of section 11 in computing its income,

(c) amounts deducted under paragraph (b) of subsection (1) of section 11 in computing its income,

(d) business losses sustained in other years that are deducted in computing its taxable income,

(e) the amount by which any amounts deducted under section 83A of the said Act in computing its income exceed any expenses described in that section actually incurred by it in the year,

(f) dividends received from corporations described in paragraphs (d) and (e) of subsection (1) of section 28 of the said Act that are deducted in computing its taxable income, and

(g) income from the operation of a mine not included in computing its income by virtue of subsection (5) of section 83 of the said Act, minus the aggregate of

(h) $30,000, but where the corporation is associated with one or more other corporations in the year, than 30-35ths of the amount allocated to it for the year under subsection (3) or (3a) of section 39 of the said Act,

(i) the aggregate of the payments made in the year by the corporation (not exceeding the aggregate of the amounts specified in sub-paragraphs (b) and (e)) each of which was a payment as or on account of principal made in retirement of a debt owed by the corporation or made into a sinking fund that under an agreement in writing entered into before March 30, 1966 was required to be established for the purpose of the retirement of a debt owed by the corporation, if

(i) the original term for full repayment of the debt was three years or longer,

(ii) the payment was required to be made in the year under an agreement in writing entered into before March 30, 1966, and

(iii) the payment was made to a person with whom the corporation was dealing at arm's length,

(j) payments made in the year by the corporation to redeem shares of its capital stock where such redemption was authorized by or on behalf of the corporation before March 30, 1966, or required by an agreement in writing entered into before that day, and

(k) the following taxes payable by the corporation in respect of the year, namely

(i) income tax payable to Her Majesty in right of Canada,

(ii) income tax and logging tax payable to Her Majesty in right of a province, and

(iii) income and profits taxes payable to the government of a country other than Canada, and in the case of a trust, on a tax base (hereinafter called the trust tax base) comprising the aggregate of

(l) its income or loss from all businesses carried on by it,

(m) its rental income not included in computing the amount determined under subparagraph (l),

(n) amounts deducted under paragraph (a) of subsection (1) of section 11 in computing the amounts specified in subparagraphs (l) and (m), and

(o) amounts deducted under paragraph (b) of subsection (1) of section 11 in computing the amounts specified in subparagraphs (l) and (m), minus the aggregate of

(p) $30,000,

(q) the aggregate of the payments made in the year by the trust (not exceeding the amount specified in subparagraph (n) each of which was a payment as or on account of principal made in retirement of a debt owed by the trust, if

(i) the original term for full repayment of the debt was three years or longer,

(ii) the payment was required to be made in the year under an agreement in writing entered into before March 30, 1966, and

(iii) the payment was made to a person with whom the trust was dealing at arm's length, and

(r) income and profits taxes payable in respect of the year to the government of a country other than Canada.

15. That for the purposes of the special refundable tax, the corporate tax base and trust tax base for any taxation year part of which is before May 1, 1966 or after October 31, 1967, shall be that proportion of the said tax base that the number of days in the taxation year that are after April 30, 1966 or before November 1, 1967, as the case may be, is of the total number of days in the taxation year.

16. That payment of the special refundable tax shall be made,

(A) in the case of a corporation, in monthly instalments on the last day of each month commencing with May 31, 1966, and ending with October 31, 1967, with each instalment calculated by reference to the corporate tax base for the same taxation year of the corporation as is used in computing or estimating the corporation tax payment that is due on the same day, and

(B) in the case of a trust, in equal instalments on June 30, September 30 and December 31, 1966, and in equal instalments on March 31, June 30 and September 30, 1967, calculated by reference to the trust tax base for the preceding taxation year or the estimated trust tax base for the taxation year in which the instalments are paid.

17. That each instalment of special refundable tax shall be,

(a) in the case of a corporation, that proportion of the tax calculated or estimated to be payable for the taxation year, that one is of the number of instalment payment dates in the taxation year that are after April 30, 1966, and before November 1, 1967, and

(b) in the case of a trust, one third of the tax calculated or estimated to be payable for the taxation year,
and that

(c) the final adjusting payment, if any, shall be due, in respect of each taxation year, three months after the end of the taxation year, and

(d) a return in prescribed form shall be filed by a corporation within six months from the end of each taxation year, and by a trust within 90 days from the end of each taxation year.

18. That the special refundable tax shall be refunded together with interest at 5% per annum to taxpayers at such time or times as may be prescribed but not less than 18 months nor more than 36 months after the later of

(a) the day on which the payment of tax to be refunded was due; or

(b) the day on which the payment of tax to be refunded was paid.

EXCISE TAX ACT RESOLUTION

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That effective March 30, 1966,

(a) dies, jigs, fixtures and moulds,

(b) patterns for dies, jigs, fixtures and moulds, and

(c) tools for use in or attachment to production machinery that are for working materials by turning, milling, grinding, polishing, drilling, punching, boring, shaping, shearing, pressing or planing,
when for use by manufacturers or producers directly in the manufacture or production of goods, be exempt from sales tax.

2. That the combined rate of tax under the said Act and the Old Age Security Act on the following goods (other than goods described in paragraph 1) shall, effective April 1, 1967, be reduced to 6 per cent and effective April 1, 1968, be reduced to zero, namely:

(a) machinery and apparatus sold to or imported by manufacturers or producers for use by them directly in the manufacture or production of goods,

[Mr. Sharp.]

(b) equipment sold to or imported by manufacturers or producers for use by them for exhausting dust and noxious fumes produced by their manufacturing or producing operations,

(c) safety devices and equipment sold to or imported by manufacturers or producers for use by them in the prevention of accidents in the manufacture or production of goods,

(d) equipment sold to or imported by manufacturers or producers for use by them in carrying refuse or waste from machinery and apparatus used by them directly in the manufacture or production of goods,

(e) gasoline-powered and diesel powered self-propelled trucks mounted on rubber-tired wheels for off-highway use exclusively at mines and quarries,

(f) internal combustion tractors, other than highway truck tractors, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier,

(g) logging wagons and logging sleds,

(h) machinery, logging cars, cranes, captive balloons having a volume of 150,000 cubic feet or more, blocks and tackle and wire rope; all the foregoing for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier,

(i) pipes or tubes commonly known as "oil-country goods", being casing or tubing and fittings, couplings, thread protectors and nipples therefor; drill pipe; all of the foregoing for use in connection with natural gas or oil wells,

(j) machinery and apparatus, including drillings bits and seismic shot-hole casing, for use in exploration for or discovery or development of petroleum, natural gas or minerals,

(k) repair and maintenance equipment sold to or imported by manufacturers or producers for use by them in servicing goods described in subparagraphs (a) to (j) that are used by them,

(l) parts for goods described in sub-paragraphs (a) to (k),

(m) drilling mud and additives therefor,

(n) geophysical surveying precision instruments and equipment for use exclusively in prospecting for, or in the exploration and development of, petroleum, natural gas, water wells and minerals, or for geophysical studies

for engineering projects, including the following: magnetometers; gravity meters and other instruments designed to measure the elements, variations and distortions of the natural gravitational force; field potentiometers, meggers, non-polarizing electrodes, and electrical equipment for making measurements in drill holes; instruments and equipment for seismic prospecting; geiger muller counters and other instruments for radioactive methods of geophysical prospecting; electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the foregoing; repair parts, tripods and fitted carrying cases for any of the foregoing, and

(o) articles and materials for use in the manufacture of goods described in sub-paragraphs (a) to (n) but not including:

(p) goods for use by persons exempt from payment of consumption or sales tax under subsection (2) of section 34 of the said Act,

(q) office equipment or

(r) motor vehicles except those described in sub-paragraphs (e) and (h).

3. That effective March 30, 1966, the consumption or sales tax on goods described in paragraph 2 that are produced or manufactured in Canada shall be imposed, levied and collected at the rate of tax in effect at the time when the goods are delivered to the purchaser and shall be payable at the time or times provided in paragraph (a) of subsection (1) of section 30 of the said Act.

4. That effective March 30, 1966, stained glass windows of handmade or hand rolled glass technically called antique glass and materials for use exclusively in the manufacture thereof be exempt from sales tax.

5. That effective March 30, 1966, natural gas be exempt from sales tax.

6. That effective March 30, 1966, fuel oil for use in the generation of electricity be exempt from sales tax.

7. That effective March 30, 1966, a person engaged in the business of retreading tires be deemed to be a producer or manufacturer.

8. That effective March 30, 1966, prepared surgical skin closure devices, plastic surgical drapes for use during surgical operations, artificial teeth and articles and materials for use in the manufacture of the foregoing be exempt from sales tax.

9. That effective March 30, 1966, the present exemption from sales tax for lobster pots, lobster traps, and materials to be used in the manufacture thereof be extended to include crab or shrimp pots, crab or shrimp traps, and materials to be used in the manufacture thereof.

10. That effective March 30, 1966, the present exemption from sales tax for steel pens and complete parts thereof for farm animals be extended to include steel stalls and complete parts thereof for farm animals.

11. That effective March 30, 1966, tobacco dryers, not including buildings, for use on the farm for farm purposes only, parts therefor and articles and materials for use in the manufacture thereof be exempt from sales tax.

12. That effective March 30, 1966, vegetarian food products manufactured from vegetable and mineral ingredients to simulate meat products and materials for use in their manufacture be exempt from sales tax.

13. That effective July 1, 1966,

(a) dressers and dyers of furs shall be subject to sales tax on the aggregate of the current market value of raw furs dressed or dressed and dyed by them and the dressing or the dressing and dyeing charge, and

(b) dyers of furs who dye tax-paid dressed furs shall be subject to sales tax on the dyeing charge only, and that for the purpose of the said Act, dressed or dressed and dyed furs shall be deemed not to be partly manufactured goods and shall be deemed to be sold at the time they are delivered out of the possession of the dresser or dyer.

14. That effective July 1, 1966, where tax-paid dressed or dressed and dyed furs are delivered to a producer or manufacturer to be incorporated by him into articles on which sales tax is payable, a deduction from tax payable shall be allowed to such producer or manufacturer equal to the tax paid on the dressed or dressed and dyed furs less the amount of any deduction previously allowed in respect of such tax.

15. That effective March 30, 1966, where by the said Act or An Act to amend the Excise Tax Act, Chapter 12 of the Statutes of Canada 1963, a deduction from or refund of tax is provided for or a payment by the Minister in an amount equal to tax paid is provided for, and circumstances exist which render it difficult to determine the exact amount of such deduction, refund or payment by the Minister, the Minister may, with the consent of the person entitled to such deduction, refund or payment, grant a deduction or refund or pay an amount determined, in such

manner as the Governor in Council may by regulation prescribe, to be the correct deduction, refund or amount.

16. That effective March 30, 1966, the tax imposed under section 5 of Schedule I of the said Act on electron tubes, not including cathode ray tubes, the duty-paid value or the sale price of which, as the case may be, does not exceed five dollars per tube, be changed from "fifteen per cent, but not less than ten cents per tube", to "ten cents per tube".

17. That effective March 30, 1966, the tax imposed under section 3 of Schedule I of the said Act on devices commonly known as lighters be changed from "ten per cent but not less than ten cents per device" to "ten cents per device".

18. That effective March 30, 1966, in calculating the sale price of goods manufactured in Canada for the purpose of determining the excise tax payable under Part IV of the said Act, there shall not be included the amount charged as price for or in respect of any other goods contained in or attached to the wrapper, package, box, bottle or other container in which the goods are contained.

FEDERAL GOVERNMENT REVENUE AND EXPENDITURE
ON NATIONAL ACCOUNTS BASIS

	1964–65	1965–66 estimate	1966–67 forecast after tax changes
	(millions of dollars)		
A. *Revenue*			
1. Direct taxes, persons	2,630	2,758	3,045
2. Direct taxes, corporations[1]	1,477	1,624	1,770
3. Refundable tax	—	—	160
4. Withholding taxes	147	170	178
5. Indirect taxes	2,920	3,341	3,564
6. Investment income	571	630	758
7. Insurance and pension funds	580	607	662
8. Total revenue	8,325	9,130	10,137
B. *Expenditure*			
1. Goods and services: defence	1,589	1,565	1,634
2. Goods and services: other	1,500	1,794	1,944
3. Transfers to persons	2,263	2,345	2,553
4. Interest on public debt	1,012	1,057	1,174
5. Subsidies	260	325	347
6. Capital Assistance	82	84	69
7. Transfers to other levels of government	1,340	1,466	1,801
8. Total expenditure	8,046	8,636	9,522
C. Surplus (+) or deficit (−)	+279	+494	+615

[1] Excludes taxes on government business enterprises. These taxes are included with government investment income.

[Mr. Sharp.]

FEDERAL GOVERNMENT REVENUE RECONCILIATION OF PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS PRESENTATIONS

	1964–65	1965–66 estimate	1966–67 forecast after tax changes
	(millions of dollars)		
1. Budgetary revenue	7,180	7,673	8,300
2. Supplementary period adjustment[1]	−42	+44	+8
3. Extra-budgetary revenues			
Old age security tax collections	959	1,170	1,276
Unemployment insurance employer-employee contributions	310	328	343
Government pension funds, employer-employee contributions	270	279	319
Prairie Farm Assistance Act levy	10	10	10
Interest receipts of social insurance and pension accounts	158	180	205
4. Corporate income tax[2]: excess (+) of accruals over collections	−162	−114	−109
5. Refundable tax	—	—	160
6. Profits before taxes (net of losses) of government business enterprises	226	247	299
7. Interest on loans, advances and investments	187	203	254
8. Less: Budgetary return on investments	−382	−477	−498
9. Less: Postal revenue	−231	−236	−245
10. Budgetary revenue items offset against budgetary expenditures[3]	−125	−132	−147
11. All other adjustments to budgetary revenue[4]	− 33	− 45	− 38
12. Total revenue, National Accounts basis	8,325	9,130	10,137

[1] In the national accounts, revenues in the supplementary period are shifted to the following fiscal year.
[2] Taxes on government business enterprises are excluded from this item and included in item 6.
[3] See also line 8, expenditure reconciliation.
[4] These adjustments are largely revenue items not relevant for the national accounts such as proceeds from sales of existing assets.

FEDERAL GOVERNMENT EXPENDITURE: RECONCILIATION OF PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS PRESENTATIONS

	1964–65	1965–66 estimate	1966–67 forecast after tax changes
	(millions of dollars)		
1. Budgetary expenditure	7,218	7,707	8,450
2. Supplementary period adjustment[1]	− 53	+ 58	− 7
3. Expenditures of extra-budgetary funds			
Old age security fund payments	885	929	1,035
Unemployment insurance benefits	335	306	310
Government pension fund payments	101	115	132
Prairie farm assistance payments	11	10	10
4. Transfers to extra-budgetary funds	− 63	− 65	− 67
5. Adjustment to place other government funds and Crown agencies on a disbursement basis[2]	33	11	57
6. Budgetary expenditures offset against income of government business enterprises—			
Post Office expenditures	−211	−235	−253
Deficits of government business enterprises	− 92	−126	− 88
7. Reserves and write-offs	−43	− 35	− 26
8. Budgetary revenue items offset against budgetary expenditure[3]	−125	−132	−147
9. Other adjustments to budgetary expenditure	50	93	116
10. Total expenditure, National Accounts basis	8,046	8,636	9,522
11. Surplus or deficit, National Accounts basis	+279	+494	+615
12. Surplus or deficit, budgetary basis	(− 38)	(− 34)	(−150)
13. Total, national accounts basis	8,325	9,130	10,137

[1] In the national accounts, expenditures on goods and services in the supplementary period are split evenly between adjacent fiscal years. Other expenditure items are shifted entirely to the next fiscal year.

[2] This adjustment replaces budgetary appropriations to various funds and agencies by the outlays actually made by these funds and agencies.

[3] The largest component of this item consists of revenue from sales of goods and services by the government sector. These sales appear as final expenditure of the private sector and are deducted to avoid double counting.

Hon. J. W. Monteith (Perth): Mr. Speaker, as I rise to participate in this debate tonight my thoughts, as I am sure do those of all hon. members, go back to those occasions when another member of the Progressive Conservative party so ably responded to the presentation of the budget. His easy ability to deal with a situation such as this is well remembered. I refer, of course, to the late Hon. George Nowlan.

Some hon. Members: Hear, hear.

Mr. Monteith: His presence in the house is missed by all of us.

In delivering his budget tonight I think the Minister of Finance (Mr. Sharp) was trying to enact a suggestion he made earlier, that he did not want to put his foot on the brake, but to ease up on the accelerator. Well, Mr. Speaker, I do not think it matters at all if you happen to have a jack under the back wheels.

Some hon. Members: Hear, hear.

[Mr. Sharp.]

Mr. Monteith: This budget tonight could be labelled several things. I think one might start out by calling it a procrastination budget. It is full of postponing, staggering all over the place. It is an innocuous budget. It is a dead end budget. I think this was fully appreciated by hon. members on the government side by their marked lack of applause. I noticed the greatest applause came when upon two occasions the minister congratulated and paid his respects to actions of the former minister of finance.

I do not know just what this all means. I do not know how far this is going to be carried. One hears rumours about what goes on in caucus, about arguments here and there. Who is going to win the battle, I am not too sure, but the applause gives one some cause for thought.

The most serious condition that exists today in the minds of all Canadians is concern about the ever spiralling increase in the cost of living. Canadians have been looking forward to some relief. They have been looking

forward to leadership from the government. They have been looking forward to determined action from the government.

That leadership and determined action by the government are not just forthcoming. The picture that we see right now is the highest expenditure in Canadian history, the highest taxes in Canadian history, the highest cost of living in Canadian history, and there is nothing being done about that picture. I would like to ask this question: what do Canadians face right now in 1966? They face Canada Pension Plan deductions for the first time. They face higher provincial taxes. They face much increased municipal taxes, almost without exception and this, Sir, has been proven only today where, according to the Ottawa papers, this municipality has increased its mill rate by more than four mills. This is common across the country. My own municipality of Stratford is faced with an increase. Other cities are facing other great increases.

What is this going to do to the little man? The municipalities have to have these additional revenues. Take home pay has been reduced by the Canada Pension Plan. The individual must face higher provincial and municipal taxes, and tonight he is faced with increased federal taxes.

As an easement in this respect the minister should have accepted the suggestion of the Progress Conservative party to allow up to $500 municipal tax reduction for income tax purposes. This would have offered some relief to the heavy burden of the home owner. But instead there is no alleviation whatsoever, no determined action by the government. The people want action. The people want help, they are being taxed out of their homes. Incidentally, we need more homes, but how can people build them under today's tight money conditions?

Right now is when Canadians need help. The minister has suggested taking off the 11 per cent sales tax on machinery and equipment. I agree this is a step in the right direction. This will assist in exports. It will assist, I hope, in lowering somewhat the costs of production. We in Canada must be able to meet competition, but the minister has not done anything about decreasing the 11 per cent sales tax on building supplies and materials. Here again the average Canadian is hit. The government has been very lax in not acting before this. Think of the pensioners and those on fixed incomes.

I refer to last Thursday's Ottawa *Journal*, Mr. Speaker, to an article by Ken Smith, pointing out the increases over the past year right across Canada. For instance, he mentioned as a final item that in Newfoundland—and I am sure the Minister of Transport should be concerned about this—a dozen eggs cost 88 cents as compared with 66 cents a year ago. That is common across the country. This is what the housewife knows when she goes into a store to buy something for the table.

The Conservative Associations of Canada put this in a nutshell when they said—I think extremely modestly as the understatement of the year—that consumers are extremely concerned. I agree completely, and they should be concerned, Mr. Speaker.

The minister suggests that price increases are going to continue for another year. I ask, how can Canadians stand this inaction by government? There is nothing in tonight's budget for the old age pensioner. The Minister of Finance admits that prices are going to keep going up during 1966, but he does nothing for the old age pensioner.

In 1963 the old age pension was increased to $75 a month. In the meantime, due to the jumping cost of living, the value of that pension has dropped by nearly $5. In 1963 terms, old age pensioners are receiving only in the neighbourhood of $70. One cannot live today on $70 a month. One year from today, with the projected increase in the cost of living, which the minister admits is going to take place, that pension will be even less, but the government is doing nothing about it. It is not stopping inflation and it is not increasing the pension.

• (9:30 p.m.)

There are some income tax changes. We thought we were in for a decrease under the former minister a short while ago. The present minister comes in and we find that most of that decrease in taxes is taken away. I admit, however, there was an election in between. This is not the first time this sort of thing has happened. Whatever decrease in taxes was given to the people of Canada in the first place, a lot of that has been taken away of course by the Canada Pension Plan deductions. Now we are beginning to see the cost of the Pension Plan. I think, Mr. Speaker, it is safe to say at this stage at least that the government is not planning on another early election.

I can not see where there has been any vision exercised in the production of this budget. Canada has need of a creative budget. As I said earlier, it reveals the largest expenditure in Canada's history, the largest

tax revenue in Canada's history and the highest cost of living in Canada's history. I do not know, Mr. Speaker, where this can lead.

There have been, as suggested by the minister, possibly some minor moves aimed at inflation. Probably the budget has made a few nudges on the international payments problem. What has it done to help those in need, like our old age pensioners, to provide the incentives for people to work, for industry to modernize, and for businessmen to get out and sell more around the world? What has it done to straighten out some of the relations with the provinces?

Mr. Speaker, in my opinion this budget states a small view of Canada. We believe in courageous leadership, the development of this land and its resources; we believe in selling, selling hard—a hard sell—around the world. We have no second rate bunch of people in Canada. Let us get out and do something; let us open markets around the world; let us get more people into Canada; let us move ahead into the second century.

The budget is going to be scrutinized very carefully between now and when it comes up for debate in the House of Commons. There will be more said at that time. I cannot, however, but repeat that this has been a laissez faire budget. The minister has reversed quite a few of his predecessor's policies.

I was interested, Mr. Speaker, in an article in the *Financial Post* of March 26. It contains the opinions of some ten economists, lawyers, investment counsellors, businessmen, research directors and so on. I was particularly impressed by the remarks of one H. A. Hampson, vice president of the Power Corporation of Canada, former secretary to the Royal Commission on Banking and Finance, and I understand at one time an employee in the treasury department. He makes some worthy suggestions. I will admit there are ten conflicting opinions. I think there are ten opinions and ten conflicting ones; it is hard to follow them all.

I was interested in three items in this article by Mr. H. A. Hampson. He starts out by saying that—

—the basic budget question as always is one of political leadership.

Mr. Speaker, that has been a lack. There is another sentence which I think is rather entertaining in some respects:

Sharp should remind his colleagues as forcibly as he can that soft soap—no matter how well-coated in Mother Martin's political marmalade—

[Mr. Monteith.]

And I am looking at the Secretary of State for External Affairs when I say this:

—still tastes to most voters suspiciously like super-suds.

Then after several suggestions by Mr. Hampson, he has this to say:

If Sharp does all these things, he might be the next Prime Minister.

I interpolate, without having to go to Quebec city last week end. But I am afraid he is never going to make it after this budget tonight.

Mr. Speaker, may I adjourn the debate.

Mr. Speaker: Order, please. There is a long standing practice that the debate should be adjourned at this time.

BUSINESS OF THE HOUSE

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, it is my understanding that we were going to proceed tomorrow with item No. 40 on the order paper, a measure to amend the Judges Act.

On motion of Mr. Favreau the house adjourned at 9.40 p.m.

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Citizenship—

5e. Administration, operation and maintenance including grants and contributions for language instruction and citizenship promotion, $40,000.

Indian affairs—

20e. Construction or acquisition of buildings, works, land and equipment, $500,000.

15e. Administration, operation and maintenance—To extend the purposes of Citizenship and Immigration Vote 15 of the main estimates for 1965-66 to authorize special payments in respect of social assistance to persons other than Indians residing on Indian Reserves and to authorize special payments in respect of the education in Indian schools of children other than Indian children and to provide a further amount of $1,000,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Administration and general—

5e. Contributions to the provinces, pursuant to agreements entered into with the approval of the Governor in Council by Canada with the provinces, to assist in the development of roads leading to resources, $600,000.

10e. Contributions to the provinces, pursuant to agreements entered into with the approval of the Governor in Council by Canada with the provinces, of amounts equal to one half of the amounts confirmed by the provinces as having been spent by them for campground and picnic area developments, $100,000.

12e. Subventions under agreements entered into pursuant to the Atlantic Provinces Power Development Act in respect of electric power generated from eastern coal during the fiscal year 1965-66, $700,000.

Northern administration—

45e. Administration, operation and maintenance including grants and contributions as detailed in the estimates, $1.

DEPARTMENT OF PUBLIC WORKS

A—Department 1967 World Exhibition—

57e. Toward federal government's share of the cost of construction of an ice control structure, $800,000.

DEPARTMENT OF AGRICULTURE

Production and marketing—

Administration—

17e. Grants, contributions and subsidies in the amounts and subject to the terms specified in the sub-vote titles listed in the details of the estimates, $42,439,500.

Plant and plant products—

35e. Grants, contributions and subsidies as detailed in the estimates, $20,900.

Health of animals—

40e. Administration, operation and maintenance, $216,000.

45e. Grants, contributions and subsidies as detailed in the estimates, $8,800.

Farm Credit Corporation—

90e. Estimated amount required to provide for the operating loss of the Farm Credit Corporation for the fiscal year ending March 31, 1966, $1,160,000.

95e. Payment to the Farm Credit Corporation for carrying out the purposes of the Farm Machinery Syndicates Credit Act, $75,000.

CIVIL SERVICE COMMISSION

1e. Salaries and contingencies of the commission, $202,000.

DEPARTMENT OF PUBLIC WORKS

A—Department—accommodation services—

5e. Maintenance and operation of public buildings and grounds, acquisition of furniture and furnishings for government departments, $3,700,000.

15e. Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings (including expenditures on works on other than federal property); provided that no contract may be entered into for new construction with an estimated total cost of $50,000 or more unless the project is individually listed in the details of estimates, $1.

Harbours and rivers engineering services—

30e. Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works (including expenditures on works on other than federal property); provided that no contract may be entered into for new construction with an estimated total cost of $50,000 or more unless the project is individually listed in the details of estimates, $360,000.

Roads, bridges and other engineering services—

40e. Construction, acquisition, major repairs and improvements of and plans and sites for roads, bridges and other engineering works—To extend the purposes of Vote 40 of the main estimates for 1965-66 to provide for the construction of a causeway and associated structures across Northumberland Strait, $1.

DEPARTMENT OF DEFENCE PRODUCTION

A—Department—

11e. Reimbursement of the Queen's Printer's advance account for the value of stores which have become obsolete or unserviceable, $44,477.

Loans, Investments and Advances—

Defence Production—

L18e. To authorize the operation, in accordance with section 58 of the Financial Administration Act, of a revolving fund, (a) for the purpose of acquiring and managing stores, for manufacturing, producing, processing or dealing in stores or materials, and (b) for the purchase and supply of repair services for office furniture and equipment, and for freight services, for federal government departments and agencies; the balance of the revolving fund at any time shall, notwithstanding section 58, be determined after deducting therefrom all amounts due at such time by federal government departments and agencies; the amount to be charged to the revolving fund at any time not to exceed, $10,000,000.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department—

1e. Administration, operation and maintenance including grants as detailed in the estimates, $474,100.

5e. Representation abroad—operational, $96,000.

15e. Contributions to international multilateral economic and special aid programs as detailed in the estimates, $3,515,000.

External aid office—

35e. Economic, technical, educational, and other assistance as detailed in the estimates—To extend the purposes of External Affairs Vote 35 of the main estimates for 1965-66 to include authority for crediting the amount of the sub-vote for international development assistance to the special amount in the consolidated revenue fund established by External Affairs Vote 33d of Appropriation Act No. 2, 1965, $1.

B—International joint commission—

40e. Salaries and expenses of the commission and Canada's share of expenses of studies, surveys and investigations of the Commission, $76,200.

Supply—Items Passed

Loans, Investments and Advances—

External Affairs—

L22e. Addtional advance to the working capital fund of the food and agriculture organization in an amount of $83,900 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February, 1966, which is, $90,600.

L23e. Additional advance to the working capital fund of the interim commission for the International Trade Organization in an amount of $6,278 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February, 1966, which is, $6,750.

L96e. Additional advance to the working capital fund of the United Nations Organization in an amount of $53,561 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February, 1966, which is, $57,900.

L97e. Additional advance to the working capital fund of the Intergovernmental Maritime Consultative Organization in an amount of $500 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of February, 1966, which is, $540.

DEPARTMENT OF FISHERIES

Fisheries management and development—

15e. Grants, contributions and subsidies in the amounts and subject to the terms specified in the subvote titles listed in the details of estimates, $150,000.

Special—

17e. Estimated amount required to recoup the fishing vessel indemnity account and the lobster trap indemnity account established under Vote 540 of the Appropriation Act No. 5, 1955 and Vote 527 of the Appropriation Act No. 6, 1956, to cover the net operating losses in the said accounts as at March 31, 1966, $56,000.

DEPARTMENT OF FORESTRY

5e. Contributions to the provinces in the amounts and subject to the terms specified in the details of estimates, $150,000.

DEPARTMENT OF INDUSTRY

15e. To provide that the amount appropriated by section 5(1) of the Area Development Incentives Act may be credited to the area development account from time to time as required; notwithstanding section 5(3) of the Act, to authorize payments out of the consolidated revenue fund up to the amounts credited to the account; and to authorize total commitments in respect of development grants under the Act in the current and subsequent fiscal years not exceeding $100,000,000, $1.

NATIONAL RESEARCH COUNCIL, INCLUDING THE MEDICAL RESEARCH COUNCIL

10e. Scholarships and grants in aid of research, $3,000,000.

DEPARTMENT OF JUSTICE

Legal and other services—

1e. Administration, $35,500.

LEGISLATION

The Senate—

5e. General administration, $79,200.

7e. To deem, for the purpose of enabling the Governor in Council to grant an annuity under section 16 of an Act to make provision for the retirement of members of the Senate, that Senator J. W. Comeau was, at the time of his death, a person who had been granted an annuity under section 15 of the said Act, $1.

House of Commons—

20e. General administration, $220,000.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Marine surveys and research—

15e. Administration, operation and maintenance, $100,000.

Mining and metallurgical investigations and research—

35e. Administration, operation and maintenance—To increase to $70,000 the grants in aid of mining and mineral processing research in Canadian universities, $1.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Medical services—

20e. Administration, operation and maintenance, $500,000.

POST OFFICE DEPARTMENT

1e. Postal services, $780,000.

PRIVY COUNCIL

10e. General administration, $37,000.

15e. Expenses of the royal commissions listed in the details of estimates, $150,000.

DEPARTMENT OF SECRETARY OF STATE

A—Department—

5e. Companies and corporations branch, $9,500.

Loans, investments and advances—

National Film Board—

L35e. To increase to $2,000,000 the amount by which expenditures that may be charged at any time to the National Film Board operating account established by section 18 of the National Film Act may exceed receipts shown in the said account; additional amount required, $850,000.

Public Printing and Stationery—

L65e. To amend Vote L33a of the Appropriation Act No. 10, 1964, by providing that, notwithstanding section 58 of the Financial Administration Act, the balance of the revolving fund at any time shall be determined after deducting therefrom all amounts due at such time by federal government departments and agencies, $1.

DEPARTMENT OF TRADE AND COMMERCE

A—Department—

General administration—

5e. Trade commissioner service—Administration, operation, and maintenance, $207,000.

10e. Exhibitions branch, $244,200.

15e. Canadian Government Travel Bureau, $251,000.

DEPARTMENT OF VETERANS AFFAIRS

Treatment services—

30e. Operation and maintenance, $300,000.

DEPARTMENT OF PUBLIC WORKS

A—Department—

1e. General administration, including grants as detailed in the estimates, $44,500.

BUDGET PAPERS

presented by

the Honourable Mitchell Sharp, M.P.,

Minister of Finance

for the information of Parliament

in connection with the Budget of 1966-1967

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1965, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government Accounts for the fiscal year ending March 31, 1966.

PART I
ECONOMIC WHITE PAPER FOR 1966

TABLE OF CONTENTS

	PAGE
The Canadian Economy—Retrospect and Prospect	3412
Summary review of 1965	3412
Outlook for 1966	3425
Manpower in the Canadian Economy	3430
The labour force	3430
Employment	3435
Regional developments	3437
Output, Employment and Capital	3442
Output by industry	3442
Employment and output	3444
Physical capital and output capacity	3446
Incomes, Costs and Prices	3450
Labour income	3450
Corporation profits	3452
Production costs	3454
Price trends	3456
Demand	3462
Public and private investment	3462
Government expenditures	3466
Personal expenditure	3467
Exports of goods and services	3468
Changes in inventories	3470
The Government Sector	3471
Current position	3471
Trends in revenues and expenditures of governments	3475
Analysis by function	3477
The Balance of Payments	3484
Current account	3484
Capital account	3491
Source and Disposition of Saving	3499
Capital Markets	3501

The tables and charts in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1965 estimates are preliminary and subject to revision.

ECONOMIC REVIEW FOR 1965

THE CANADIAN ECONOMY—RETROSPECT AND PROSPECT

The Canadian Gross National Product in 1965 rose by rather more than nine per cent. The volume of output of goods and services was about six and a half per cent higher than in 1964, while prices rose by about three per cent. The 1965 advance in output was a continuation of the expansion which began in early 1961 and which has become the longest in Canadian history.

There have been three chief dynamic elements contributing to this strong and sustained expansion. Private investment, following a serious decline after 1957, began to recover strongly by 1964 and has now reached boom proportions. Exports have risen considerably since 1961. Government spending on both current and capital account has also increased substantially. Incomes and employment have risen accordingly and the number of unemployed has fallen; unemployment in the closing months of the year averaged well below four per cent of the labour force. Shortages of skilled labour developed during the period of peak activity in many areas of the country.

The increase in incomes was accompanied by further large gains in consumer expenditures on goods and services of all kinds. In conjunction with the investment programme and the high level of demand there was a sharp rise in imports in 1965. Despite the higher level of exports, there was a rise in the balance of payments deficit on current account.

Incomes

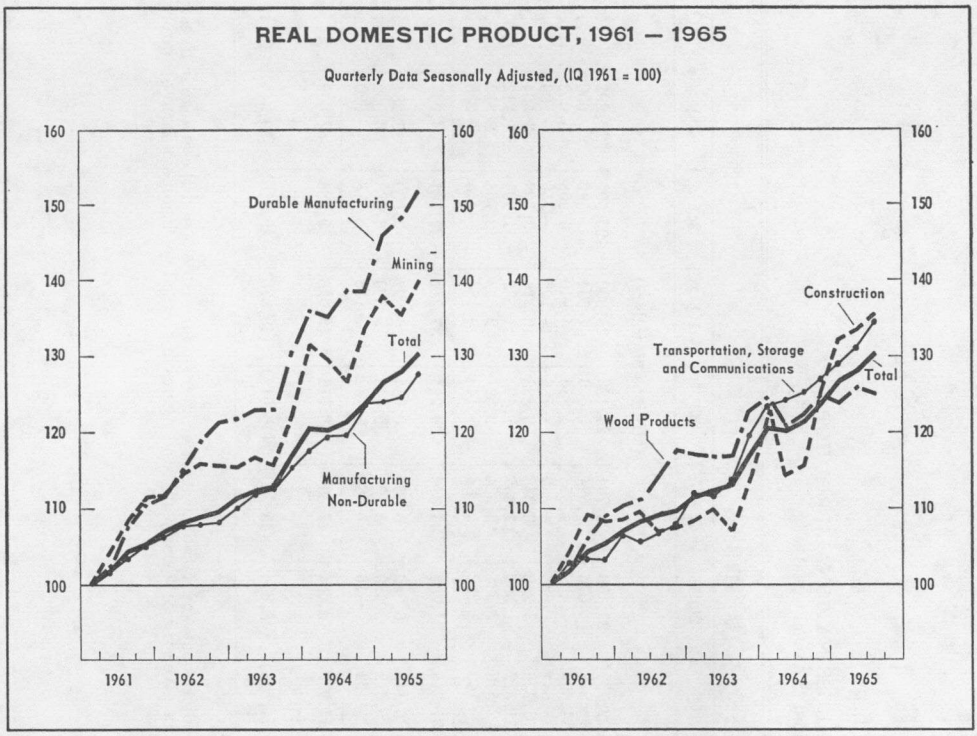
Wages, salaries and supplementary labour income rose more rapidly in 1965 than in any previous year of the current expansion. This was due to the sharp gains in employment achieved during the year, as well as the more rapid rise in average earnings, as hourly wage rates rose in many sectors. Among the different industries, labour income rose most rapidly in construction, where both employment and wage rates rose very rapidly. Sharp increases were also recorded in the service and trade sectors, and in manufacturing.

Profits continued to rise in 1965. The rate of advance appeared about the same as that of labour income, but was somewhat below that achieved in 1964. This rather slower rate of gain in 1965 was associated with higher costs, including wage costs, in many sectors. This development is typical of the more mature stages of the normal business cycle, and was observed in many manufacturing industries and some of the service industries. Other industries in the service group, however, recorded higher profits in 1965.

Net farm income as estimated in Gross National Product for the first three quarters showed a gain of about eight per cent over the same period in 1964. Farm cash receipts in the first three quarters of 1965, at $2,659 million, were up by over five per cent from the 1964 nine-month total. Receipts from sale of wheat, including participation payments, were down slightly, but receipts from sale of livestock were up very substantially.

Net income of non-farm unincorporated business, which rose by nearly six per cent in the nine months, was affected largely by improved net income in retail trade. Other changes were small and to some extent offsetting. Investment income also rose moderately during the nine months.

CHART 1



Expenditures

The major contributions to the increase in expenditures in 1965 came from the rise in consumer expenditures, investment outlays and government spending. Exports, after the sharp gains of 1964, expanded more slowly in 1965.

Purchases of goods and services for private consumption rose by around seven and a half per cent in 1965. Expenditures on durable goods rose less rapidly than they had done in 1964, while the rise in expenditures on services was well maintained and purchases of non-durables accelerated. Price increases account for some part in these changes, especially in the area of services and non-durable goods.

Public and private investment expenditures rose very rapidly in 1965, for the second year in succession. In particular, new investment in manufacturing plant and equipment increased by over 30 per cent in 1964 and 20 per cent in 1965, with some of the commercial services recording gains of almost equal magnitude. Housing and social capital expenditures were also a major feature in the 1965 capital programme, with both the needs of industrial expansion and the needs of continued population growth pressing upon available resources in many areas. As the year wore on, the ability of the construction industry to meet the demands placed upon it became strained in many areas, and the later months of the year saw a decline in new apartment starts as the competition for mortgage funds intensified.

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

(Seasonally adjusted at annual rates)

	1964				1965			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Wages, salaries, and supplementary labour income	22,732	23,100	23,704	24,128	25,000	25,592	26,292	.....
2. Military pay and allowances	572	576	584	600	604	592	600	.....
3. Corporation profits before taxes	4,596	4,468	4,376	4,880	4,940	4,908	5,052	.....
4. Deduct: Dividends paid to non-residents[1]	−684	−588	−680	−788	−708	−756	−796	.....
5. Rent, interest, and miscellaneous investment income	3,220	3,252	3,248	3,388	3,416	3,508	3,504	.....
6. Accrued net income of farm operators from farm production[2]	1,372	1,680	1,432	1,404	1,532	1,564	1,712	.....
7. Net income of non-farm unincorporated business[3]	2,548	2,584	2,624	2,592	2,632	2,764	2,812	.....
8. Inventory valuation adjustment	−140	−292	88	−140	−184	−448	−236	.....
9. National Income	**34,216**	**34,780**	**35,376**	**36,064**	**37,232**	**37,724**	**38,940**	.....
10. Indirect taxes less subsidies	6,140	6,340	6,500	6,344	6,892	7,060	7,284	.....
11. Capital consumption allowances and miscellaneous valuation adjustments	5,512	5,580	5,596	5,740	5,900	6,088	6,052	.....
12. Residual error of estimate	52	−16	−80	−132	−116	8	−220	.....
13. Gross National Product at Market Prices	**45,920**	**46,684**	**47,392**	**48,016**	**49,908**	**50,880**	**52,056**	.....
14. (Gross national product at market prices excluding accrued net income of farm operators)	(44,548)	(45,004)	(45,960)	(46,612)	(48,376)	(49,316)	(50,344)	.....

[1]Includes the withholding taxes applicable to this item.

[2]Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

[3]Includes net income of independent professional practitioners.

SOURCE: DBS *The National Accounts.*

TABLE 2

GROSS NATIONAL EXPENDITURE
(Seasonally adjusted at annual rates)

	1964				1965			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Personal expenditure on consumer goods and services	28,852	29,040	29,684	30,148	30,512	31,344	32,120	.....
2. Government expenditure on goods and services	8,564	8,524	8,544	8,796	9,120	9,412	9,596	.....
3. Business gross fixed capital formation[1]	8,944	8,828	8,720	9,380	10,052	10,236	10,776	.....
New residential construction	2,176	1,908	1,872	2,128	2,156	2,144	2,160	.....
New non-residential construction	3,164	3,244	3,376	3,588	3,948	4,040	4,348	.....
New machinery and equipment	3,604	3,676	3,472	3,664	3,948	4,052	4,268	.....
4. Value of physical change in inventories—total[2]	452	448	388	232	1,076	936	436	.....
Non-farm business inventories	572	616	804	48	944	768	700	.....
Farm inventories and grain in commercial channels	−120	−168	−416	184	132	168	−264	.....
5. Exports of goods and services[3]	9,996	10,604	10,756	10,404	10,552	10,892	11,244	.....
6. Imports of goods and services[3]	−10,840	−10,772	−10,784	− 11,076	−11,520	−11,932	−12,336	.....
7. Residual error of estimate	−48	12	84	132	116	−8	220	.....
8. **Gross National Expenditure at Market Prices**	**45,920**	**46,684**	**47,392**	**48,016**	**49,908**	**50,880**	**52,056**	.....

[1] Includes private businesses and institutions, and publicly owned business enterprises.

[2] The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment.

[3] Minor adjustments have been made to the figures of current receipts and payments shown in Table 37 to achieve consistency with the other component series.

SOURCE: DBS *The National Accounts*.

TABLE 3

GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS

(Seasonally adjusted at annual rates)

	1964				1965			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Personal expenditure on consumer goods and services	26,252	26,316	26,812	27,156	27,384	27,904	28,496	.....
2. Government expenditure on goods and services	7,140	7,076	6,996	7,184	7,372	7,516	7,608	.....
3. Business gross fixed capital formation	7,684	7,476	7,360	7,848	8,248	8,288	8,696	.....
New residential construction	1,796	1,552	1,504	1,692	1,692	1,656	1,664	.....
New non-residential construction	2,764	2,808	2,904	3,048	3,288	3,292	3,516	.....
New machinery and equipment	3,124	3,116	2,952	3,108	3,268	3,340	3,516	.....
4. Value of physical change in inventories—total	444	424	336	208	1,012	896	396	.....
Non-farm business inventories	568	596	744	32	896	728	660	.....
Farm inventories and grain in commercial channels	−124	−172	−408	176	116	168	−264	.....
5. Exports of goods and services	9,128	9,648	9,672	9,404	9,584	9,832	10,020	.....
6. Imports of goods and services	−9,472	−9,364	−9,436	−9,740	−10,068	−10,452	−10,776	.....
7. Residual error of estimate	−44	12	76	116	100	−8	188	.....
8. **Gross National Expenditure at Market Prices**	**41,132**	**41,588**	**41,816**	**42,176**	**43,632**	**43,976**	**44,628**	.....

SOURCE: DBS *The National Accounts.*

TABLE 4

PER CENT CHANGES IN MAJOR EXPENDITURE COMPONENTS[1]

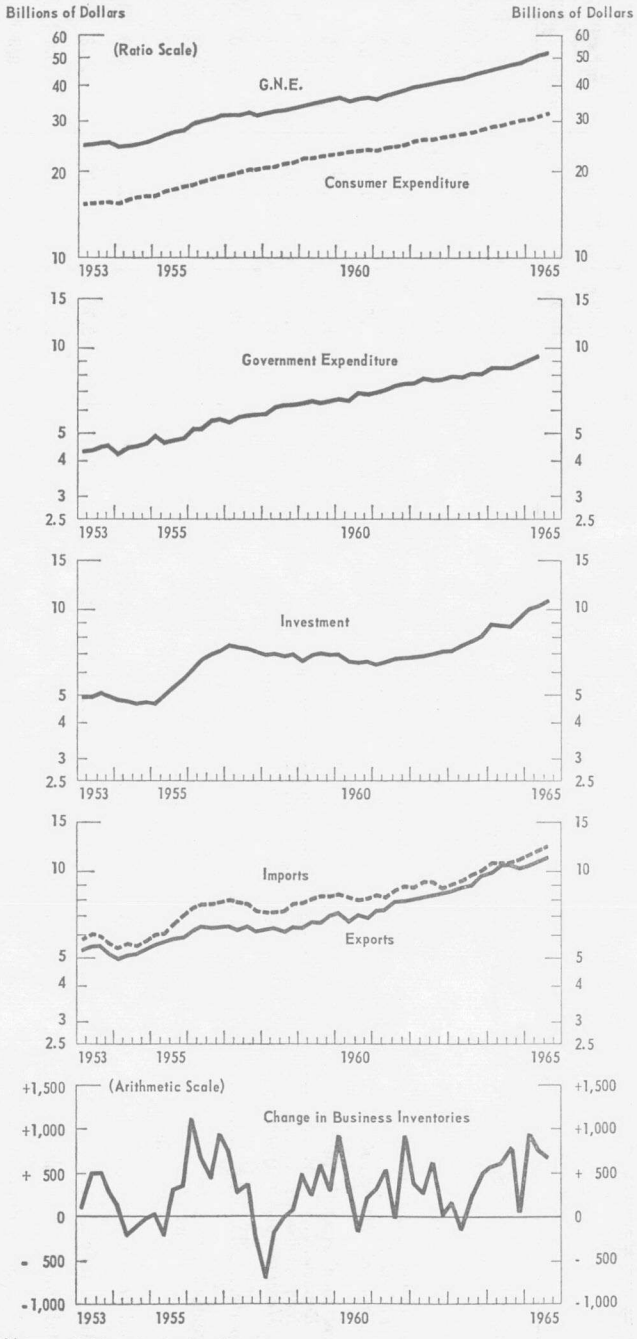
	3Q 1964 to 4Q 1964	4Q 1964 to 1Q 1965	1Q 1965 to 2Q 1965	2Q 1965 to 3Q 1965	9 months 1964 / 9 months 1963	9 months 1965 / 9 months 1964
Personal expenditure	1.6	1.2	2.7	2.5	7.4	7.3
Non-Durables	*2.5*	*−0.6*	*3.6*	*1.7*	*5.7*	*6.8*
Durables	*−6.6*	*7.0*	*2.7*	*8.0*	*13.9*	*8.1*
Services	*2.9*	*1.8*	*1.6*	*1.7*	*7.8*	*7.7*
Government expenditure	2.9	3.7	3.2	2.0	6.9	9.7
Federal	*−0.7*	*7.3*	*−1.0*	*5.4*	*3.8*	*6.4*
Provincial-Municipal	*4.9*	*1.8*	*5.5*	*0.2*	*8.7*	*11.6*
Investment expenditure	7.6	7.2	1.8	5.3	18.6	17.3
Residential	*13.7*	*1.3*	*−0.6*	*0.7*	*19.2*	*8.5*
Non-residential	*6.3*	*10.0*	*2.3*	*7.6*	*16.7*	*26.1*
Machinery and equipment	*5.5*	*7.8*	*2.6*	*5.3*	*20.1*	*14.1*
Exports	−3.3	1.4	3.2	3.2	18.0	4.2
Inventories: total $m	−156	+844	−140	−500	−35	+387
farm $m	+600	−52	+36	−432	−599	+247
non-farm $m	−756	+896	−176	−68	+564	+140
Total final demand	1.5	4.0	2.5	2.2	10.6	9.3
Total final demand ex. inventories	1.8	2.6	2.7	3.0	10.8	8.7
Total domestic demand	2.6	4.5	2.3	1.9	9.1	10.4
Total domestic demand ex. inventories	2.9	2.8	2.6	2.9	9.3	9.6

[1]Quarterly magnitudes seasonally adjusted.

The Budget—Appendix

CHART 2

GROSS NATIONAL EXPENDITURE AND SELECTED COMPONENTS IN CURRENT DOLLARS[1] BY QUARTERS, 1953 — 1965



(1) Seasonally Adjusted and at Annual Rates

Government purchases of goods and services in 1965 rose by about ten per cent from the 1964 level. Spending by provincial governments and municipalities increased more than this, while total spending on goods and services by the

TABLE 5

CHANGES IN COMPONENTS OF GROSS NATIONAL EXPENDITURE OVER THREE POSTWAR EXPANSIONS

—	1954–1956	1958–1960	1961–1965
	Annual compound growth rate over period of expansion		
	10 Quarters after 2Q 1954 trough	8 Quarters after 1Q 1958 trough	18 Quarters after 1Q 1961 trough
Personal expenditure	7.6	5.4	6.8
Non-durables	*6.0*	*3.8*	*6.0*
Durables	*9.6*	*4.6*	*10.8*
Services	*8.8*	*8.0*	*6.4*
Government expenditure on goods and services	9.6	6.1	7.2
Federal	*5.6*	*−1.3*	*3.6*
Provincial-Municipal	*13.6*	*12.2*	*9.2*
New residential construction	8.8	−1.0	9.6
New non-residential construction	22.4	−4.2	12.0
New machinery and equipment	15.2	5.4	12.0
Non-farm business inventories	(+$454 m)	(+$806 m)	(+$ 87 m)
Farm and grain inventories	(+$222 m)	(+$ 86 m)	(+$ 15 m)
Exports of goods and services	9.2	7.3	9.6
Imports of goods and services	14.0	6.9	8.8
Gross National Expenditure at Market Prices	10.4	6.7	8.0
Final Demand (ex inventories)	9.6	4.9	8.0
GNE in Constant (1957) Dollars	8.0	4.3	6.4
Real Non-Agricultural Gross Domestic Product	8.0	4.6	6.0
Per Capita GNE in Constant (1957) Dollars	5.2	2.0	4.4

federal government rose somewhat less. Spending on non-defence items rose substantially at the federal level, while defence spending was relatively stable. Outlays on capital goods by all levels of government combined increased sharply.

Exports rose less rapidly in 1965 than they did in 1964. This was partly a reflection of the timing of wheat shipments under special contracts, which caused total 1964 exports to rise steeply from 1963 levels, and thus affected the 1965 record by reducing its rate of advance. Non-farm exports rose by some ten per cent in 1965, slightly exceeding the rate of gain in Gross National Product. Exports to the United States in 1965 rose by about thirteen per cent. In the entire current period of expansion, exports have contributed relatively heavily to the total growth. Relative rates of growth in the various demand sectors are shown in Tables 4 and 5, and are illustrated in Chart 2.

TABLE 6

PER CENT CONTRIBUTION OF GNE COMPONENTS TO TOTAL CHANGE IN GNE—THREE POSTWAR EXPANSIONS

—	2Q 1954 to 4Q 1956 (10 quarters after trough)	1Q 1958 to 1Q 1960 (8 quarters after trough)	1Q 1961 to 3Q 1965 (18 quarters after trough)
Personal expenditure on consumer goods and services	43.6	48.9	53.2
Non-durable goods	*18.8*	*17.6*	*23.4*
Durable goods	*7.0*	*4.8*	*10.0*
Services	*17.8*	*26.5*	*19.8*
Government expenditure on goods and services	15.6	15.5	16.7
Federal	*4.7*	*−1.5*	*3.2*
Provincial and Municipal	*10.9*	*17.0*	*13.5*
Business gross fixed capital formation	31.6	0.1	27.7
New residential construction	3.7	−0.7	4.9
New non-residential construction	16.1	−4.9	11.6
New machinery and equipment	11.8	5.7	11.2
Non-farm business inventories	15.1	33.8	2.5
Farm inventories and grain in commercial channels	7.4	3.6	0.4
Exports of goods and services	17.6	19.9	25.2
Imports of goods and services (−)	−31.0	−21.8	−25.8
GNE (ex error)	100.0	100.0	100.0

Agriculture

The achievements of the agricultural sector in 1965 were significant. Last year's weather was, on the whole, favourable. In addition to this, however, it may be noted that the long-term improvement in agricultural skills has been sustained, with the improvement in livestock and plant varieties resulting from continued active research also contributing to the rise in real output from the farms. Prairie grain acreage was very slightly higher than in 1964 and the crop yield, in bushels per acre, was high. Conditions were not uniformly favourable for all crops in all areas, and production of vegetables and dairy products in the eastern part of the country in the first half of the year was reduced by severe drought. Despite this, however, and despite an accelerated flow of workers out of the farm sector into non-agricultural industries, agricultural output rose by six per cent in the year, from a 1964 level which was itself good in terms of the average of the preceding ten years.

Costs and Prices

Wage rates on the whole advanced more rapidly in 1965 than in the previous year. This trend reflected the growing maturity of the present period of expansion and accompanied the generally higher level of utilization of resources achieved during the course of the year. In manufacturing as a whole, average hourly

earnings[1] were 5.0 per cent higher than they were in 1964. The advance a year earlier had been 3.6 per cent. The acceleration was slightly more marked in durable than non-durable goods production. In construction, the advance in 1965 was 8.5 per cent, compared to a 5.1 per cent gain the previous year. Productivity gains in general were below these levels, so that labour costs per unit of output rose across a wide selection of goods-producing industries.

Some other producers' costs also rose in 1965. In some cases, this was directly related to increased federal sales taxes on construction materials and production equipment. In other cases, raw material and semi-manufactured component prices advanced due to other factors, as indicated in the various industry selling price indexes, which exclude taxes. Some of these changes are summarized in Table 7, and the changes recorded in all major items in the indexes are shown on Chart 3. Bought-in services such as truck transportation and insurance showed some price advances. Some of these higher costs led to

TABLE 7

SELECTED INDUSTRY SELLING PRICE INDEXES 1961 TO 1965
(1956=100)

	1961	1962	1963	1964	1965
Slaughtering and meat packing	113.5	119.4	115.4	111.1	120.8
Men's clothing	103.8	106.2	109.3	111.0	113.8
Sash, door and planing mills	100.4	100.3	101.9	104.6	107.9
Pulp mills	93.7	96.4	96.8	100.1	102.7
Steel ingots	121.1	120.0	119.8	120.3	122.2
Motor vehicles	116.8	119.1	119.8	120.2	119.1
Cement	106.5	108.4	110.8	112.3	115.4
Soaps	113.7	113.6	113.9	114.9	117.6

	1962/1961	1963/1962	1964/1963	1965/1964
Per cent changes:				
Slaughtering and meat packing	+5.2	−3.4	−3.7	+8.7
Men's clothing	+2.3	+2.9	+1.6	+2.5
Sash, door and planing mills	−0.1	+1.6	+2.6	+3.2
Pulp mills	+2.9	+0.4	+3.4	+2.6
Steel ingots	−0.9	−0.2	+0.4	+1.6
Motor vehicles	+2.0	+0.6	+0.3	−1.0
Cement	+1.8	+2.2	+1.4	+2.8
Soaps	−0.1	+0.3	+0.9	+2.3

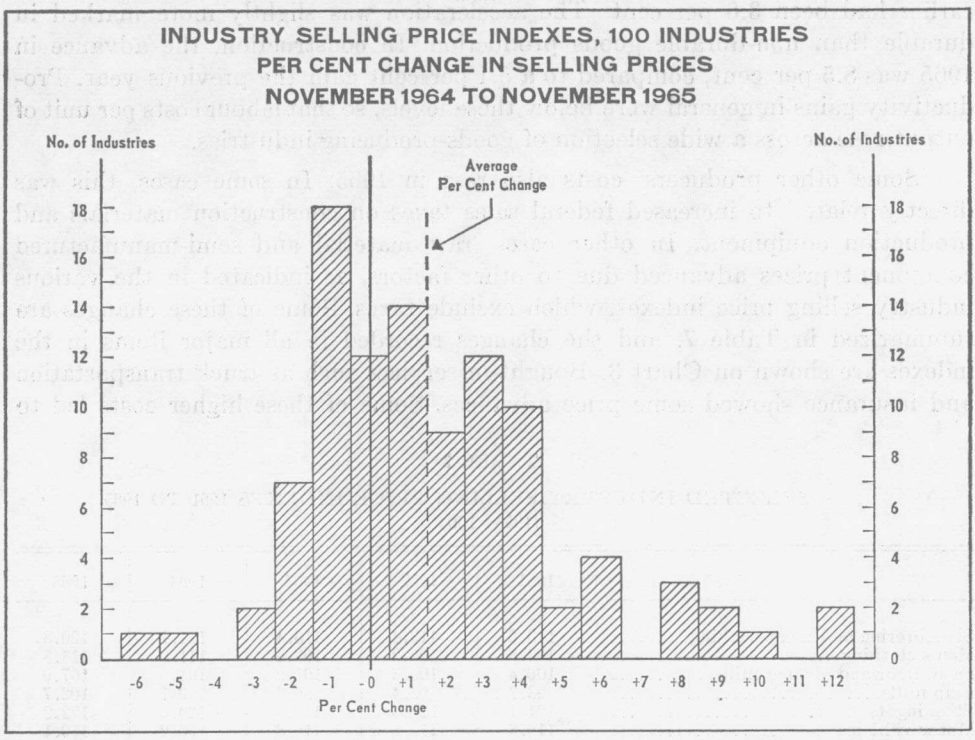
SOURCE: DBS *Prices and Price Indexes.*

price adjustments in final product markets, as was the case in construction, where tender prices during the latter half of the year were substantially higher than originally estimated in some parts of the country. In other cases, these cost trends were reflected in lower profit margins than those recorded during earlier years of the present expansion.

[1]These figures are based on data collected from establishments employing 15 persons or more, and do not necessarily reflect changes in earnings in industries, such as construction, where smaller establishments or sub-contracting account for a significant part of total employed.

The Budget—Appendix

CHART 3



Consumer prices moved up during the year, partly in response to identifiable causes. The consumer price index for the year as a whole stood at 138.7 (1949=100), having advanced by 2.4 per cent over 1964. Table 8 shows the movement of the index and its components, and gives an indication of the areas in which the rise was most marked. Food prices in the early part of the year were affected by drought conditions in the eastern part of Canada and the United States, which led to higher prices for many vegetables. From mid-year

TABLE 8

CONSUMER PRICE INDEX, 1961-1965

(1949=100)

—	1961	1962	1963	1964	1965
All items	129.2	130.7	133.0	135.4	138.7
Food	124.0	126.2	130.3	132.4	135.9
Housing	133.2	134.8	136.2	138.4	140.9
Clothing	112.5	113.5	116.3	119.2	121.4
Transportation	140.6	140.4	140.4	142.0	147.3
Health and personal care	155.3	158.3	162.4	167.8	175.5
Recreation and reading	146.1	147.3	149.3	151.8	154.3
Tobacco and alcohol	116.3	117.8	118.1	120.2	122.3
All commodities	120.0	121.0	123.1	124.7	126.7
Durables	116.1	115.3	115.5	114.5	114.6
Non-durables	120.7	122.1	124.6	126.7	129.2
Non-durables excluding food	118.3	119.1	120.3	122.4	124.1
Services	155.4	157.6	159.8	163.8	170.6

SOURCE: DBS *Prices and Price Indexes*

TABLE 9

CONSUMER PRICE INDEX, 1961-1965
(1949=100)

(Percentage changes, year to year)

	1962 / 1961	1963 / 1962	1964 / 1963	1965 / 1964	Feb. 1966 / Feb. 1965
All items	+1.2	+1.8	+1.8	+2.4	+3.6
Food	+1.8	+3.2	+1.6	+2.6	+7.1
Housing	+1.2	+1.0	+1.6	+1.8	+2.1
Clothing	+0.9	+2.5	+2.5	+1.8	+3.2
Transportation	−0.1	–	+1.1	+3.7	+2.5
Health and personal care	+1.9	+2.6	+3.3	+4.6	+2.0
Recreation and reading	+0.8	+1.4	+1.7	+1.6	+2.0
Tobacco and alcohol	+1.3	+0.3	+1.8	+1.7	+1.3
All commodities	+0.8	+1.7	+1.3	+1.6	+3.5
Durables	−0.7	+0.2	−0.9	+0.1	−0.7
Non-durables	+1.2	+2.0	+1.7	+2.0	+4.2
Non-durables excluding food	+0.7	+1.0	+1.7	+1.4	+2.0
Services	+1.4	+1.4	+2.5	+4.2	+3.2

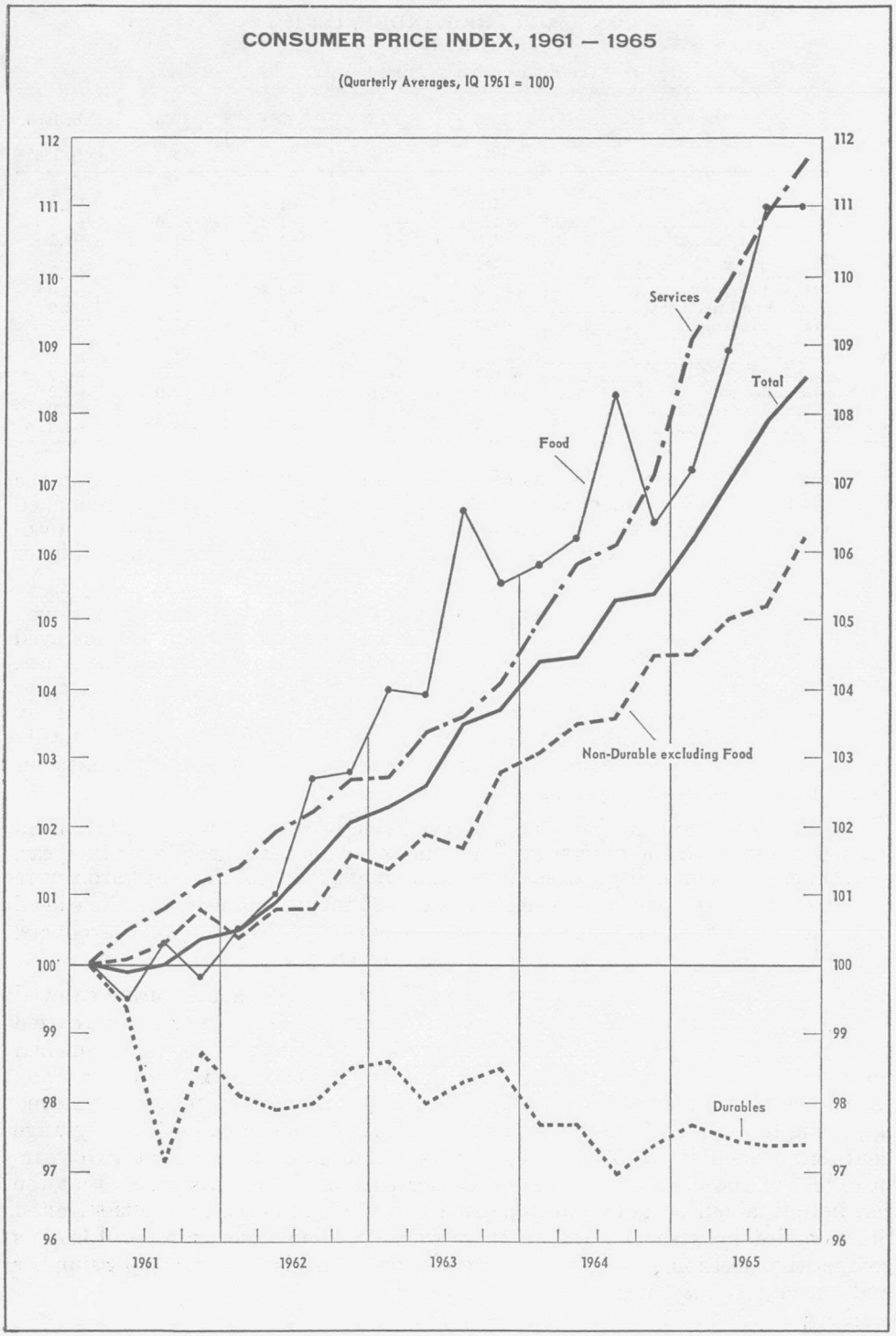
on, however, the major pressures came from a shortage of meat supplies in the United States, as a result of which meat prices rose sharply and have remained high. Other specific price gains included medical insurance premiums and automobile insurance rates, the latter reflecting higher accident rates and higher average claims.

In addition to this, however, the services component of the index moved upward, as the approach towards full utilization of resources which was achieved in 1965 was accompanied by continued upward movement of prices of services. This is an area in which the labour content of output is high, productivity gains are more difficult to achieve, or even to measure, and gains in wage rates are more directly reflected in prices. Price changes in this sector characteristically lag others in the cyclical context. Chart 4 illustrates the trends in the consumer price index during recent years.

Changes in the components of the wholesale price index reflected the trend in food prices, with the animal products index advancing sharply over the year. Movements of commodity prices on world markets, many of them upwards, were also reflected in the wholesale price index due to the importance of international trade in these commodities in the Canadian economy. Prices of wood products, affected by both the construction boom and tax changes, also moved up.

Until 1965, Canadian prices and unit labour costs in manufacturing enjoyed a relatively favourable record compared to that of many other industrialized countries. Only in the United States, where labour costs per unit of output had been stable since mid-1961, was the performance better than in Canada. During the course of 1965, however, Canadian unit labour costs in manufacturing moved up, rising to a level 2.3 per cent higher than they had been in 1964. Many wage contracts signed in 1965 provided for wage rate gains in the next two years in excess of those negotiated in the earlier part of the expansion, so that the rise in unit labour costs may well persist. If this were to occur, while the United States maintains greater stability, there would develop a worsening of Canada's competitive position vis-à-vis the United States, which is both our major supplier and our largest customer.

CHART 4


CONSUMER PRICE INDEX, 1961 — 1965
(Quarterly Averages, IQ 1961 = 100)
112
111
110
109
108
107
106
105
104
103
102
101
100
99
98
97
96
Services
Total
Food
Non-Durable excluding Food
Durables
1961
1962
1963
1964
1965

Outlook for 1966

The economic climate changed during 1965, from one of moderate expansion in the early part of the year, to one of boom at present. This change was brought about by the rapidly rising level of public and private investment superimposed on rising demands by consumers, governments and from exports. Renewed expectations of continued expansion in the United States at this time represent a dramatic shift from the spring months, when there was a widespread belief that the expansion might be slowing down. As the year came to a close, a basic question in both countries was whether production could expand fast enough to meet the anticipated rapid increase in aggregate demand, so that economic stability would continue to be maintained.

In Canada, where the rate of unemployment, seasonally adjusted, was down to 3½ per cent in the latter months of 1965, and where the actual rate of unemployment was well below that level in many areas, it was evident that slack resources in a position to be used economically by expanding general demand had all but disappeared. Markets showed signs of tightness. In these circumstances the emphasis in economic policy shifted from one of bringing unemployed resources into production through expansion of general demand, to one of ensuring that the long expansion would be sustained in accordance with the growth of capacity to produce. A higher rate of growth depends on improving the capacity and productivity of labour and capital. In the earlier stages of the upswing, the authorities had been able to bring into use unemployed resources through broad expansionary measures. The success of these measures in taking up slack means that the economy is now faced with problems of sustaining growth and economic stability by avoiding excesses rather than with problems of cyclical expansion.

The recent survey of public and private investment intentions in the Canadian economy indicates that plans have been made for a further substantial increase in fixed capital outlays by both government and business in 1966, similar to the increases of the preceding two years. In addition, there will be continued increases in other public expenditures on current account by the federal, provincial and municipal governments. With sustained increases in income, personal expenditures on durable goods, non-durable goods and services should rise considerably. Exports can be expected to increase further. This will reflect the continued rapid expansion foreseen in the United States, where a very large part of total Canadian production is sold, as well as the favourable world markets for Canadian wheat. The rate of increase in exports to the United States is expected to be substantially greater than that to the United Kingdom, Japan and other countries. Wheat sales to Russia and China and high levels of livestock production will continue to stimulate the farm economy, which will thereby be enabled to maintain its contribution to the general prosperity.

Taken together, these expenditures represent a total of final demand, in current prices, which is expected to exceed 1965 demands by about as much as those of 1965 exceeded those of 1964. The productive facilities of the Canadian economy are now close to their maximum rate of utilization, and the present and anticipated rate of expansion in demand appears likely to strain the resources currently available to meet it.

In circumstances such as this, additions to demand beyond this point serve to raise prices or draw imports from abroad, rather than adding much to

domestic economic activity. Expansion and growth become more dependent on measures which improve the supply capabilities of the economy, through increases in mobility, reductions in bottlenecks and a general upgrading of the quality of labour and capital.

The assessment of the outlook for the various sectors contained in these pages represents an appraisal and projection of existing trends, on the basis of the statistical and other survey evidence available at the present time.

Public and Private Investment Intentions

The investment intentions for 1966 currently reported indicate a continued expansion in both public and private outlays. On the basis of these reports, which are here discussed without making any allowance for any adjustments or shortfalls that may occur during 1966, it appears that demand for new housing construction will not be greatly changed, capital spending by governments, especially by provinces and their agencies, will again rise in response to growing needs, and the business sector will continue its present sharp expansion.

In the public and semi-public areas, the main outlays will be for universities, schools, hospitals, roads and highways. In addition, publicly-owned water and power utilities and other enterprises, as well as other provincial and municipal facilities, are responding to growing requirements by further expansion and new development.

In the business area, the remarkable expansion in investment in manufacturing continues unabated. In broad terms, the present expansion in capacity in manufacturing differs from that of 1955 to 1957, in that it appears less heavily oriented to processing raw materials, while placing somewhat more emphasis on advanced processing. Manufacturing investment is still based to a considerable degree on the resources which are Canada's natural endowment, but the degree of processing is now more advanced. Industries such as petro-chemicals, synthetic textiles, communications equipment, secondary iron and steel products, transportation equipment and appliances, have come to play a larger role. Basic industries such as mining, pulp and paper, and primary iron and steel products will also continue to expand their facilities in the current year.

In total, the rate of expansion of new facilities in manufacturing is expected to amount to 20 per cent in 1966. There was some shortfall in the achievement of planned outlays in 1965, and efforts will be made to make good this shortfall in the current year.

Substantial increases in new investment are also expected to take place in private power and gas utilities, retail trade and financial and commercial services. These and other developments are reviewed more fully in the recently tabled "Public and Private Investment Outlook, 1966".

It is worthy of note that a substantial part of business investment, consisting of machinery and equipment required to expand productive facilities in Canada, is not produced by domestic manufacturing resources. This equipment must therefore be imported. These imports, while contributing to Canada's economic growth and development, serve to absorb expenditures which would otherwise add to domestic demand pressures. At the same time, these expenditures add to the deficit on the Canadian balance of international payments.

The Second Annual Review of the Economic Council of Canada referred to the high capital requirements implicit in the particular industrial structure of Canada, which is heavily oriented towards mining, electric power, certain kinds of manufacturing, and rail and air transportation. These industries all are highly capital intensive in nature. This distinctive feature of Canada's industrial structure shows up in one of the highest overall ratios of the stock of capital to the volume of production that is found anywhere. The new investments planned for 1966 should increase the stock of capital at about the same rate as the volume of output can be expected to increase. Accordingly, very high rates of utilization of the existing capital equipment will continue to be required.

The construction industry experienced a more rapid increase in output and employment than any other during the past year and is probably operating at close to its maximum capacity. The demands indicated by the investment intentions survey imply a further large increase in output of construction in the coming year.

Residential construction has already levelled off and may be expected to continue at its present rate in 1966. There will likely be a small increase in the value of construction put in place, but the volume of work is expected to remain about unchanged from that of 1965. A shortage of new mortgage funds made itself felt in the late months of 1965. The N.H.A. interest rate on residential mortgages was increased in January, 1966, in an effort to attract more funds in the current year. It is expected that this action will arrest the decline in housing starts which was taking place within 1965. Conventional mortgages are expected to provide about the same amount of financing as last year.

Consumer Demands

In the projected circumstances of high-level employment and earnings, consumers appear likely to increase their purchases of durable and non-durable goods and services in 1966 at approximately the same rate as in the past year. Personal expenditures on durable goods will probably not advance quite as rapidly as in 1965, since spending on the furniture and appliances which go into new houses will be affected by the level rate of residential construction now expected for 1966. Manufacturers expect that the present high rate of automobile purchases will continue in 1966. There has been a continuous increase in number of cars per family and a reduction in the average age of the stock of cars on the road, for a number of years. In addition, the large number of new entrants to the labour force makes increased car ownership possible.

Non-durables purchases, such as food and clothing, should advance at much the same rate as in the past year. The volume of consumer purchases of services has continued to rise, while prices of many of these items have increased substantially. These prices are expected to continue to rise in the months ahead. No diminution in the rate of increase of consumer expenditure on services therefore seems likely in 1966 and the outlook generally is for an advance of much the same order as that recorded in 1965.

Foreign Trade and the Balance of Payments

The prospect of increased export sales in 1966 is encouraging. This is particularly the case with respect to exports to the United States. Current official forecasts in that country present a picture of very buoyant economic

conditions in the coming year, and these conditions will involve a substantial increase in Canadian exports. On the past record, an increase in industrial production in the United States has been accompanied by a more than proportionate increase in their requirements for Canadian raw materials and fabricated products. There is no reason to expect that these past relationships between the United States' economic conditions and Canada's export sales will alter in 1966. In addition to these exports, the wheat sales to the U.S.S.R. and to mainland China will add to total exports in 1966. These developments will be supplemented by some increase in sales to other overseas countries. Taking all of these factors into account, export sales may be expected to increase at a higher rate in 1966 than they did in 1965.

Import requirements are expected to continue to increase as a result of the augmented demands for both consumption and investment goods. The near-balance on commodity trade recorded in 1965 is not expected to change by much. The traditionally negative balance on the current account for non-commodity items can be expected to grow in 1966.

Government Expenditures

The anticipated increases in capital outlays, particularly by provincial and municipal governments, has already been noted. The current or non-capital outlays of these governments, as well as those of the federal government, are expected to increase in 1966 at a rate in excess of that of 1965. Some of this will, of course, represent an increase in costs to government of labour and materials.

On the basis of current projections and current tax rates, (i.e. before any budgetary changes), it appears likely that the federal government will remain in a position of surplus on a national accounts basis, although the surplus will be reduced somewhat from 1965 levels. All of the information is not yet available, but present evidence suggests that the large increases in expenditures, both current and capital, by provincial and municipal governments may be approximately matched by increases in revenues from higher levels of economic activity and from some increases in tax rates. On balance, one might not expect much change in the combined deficit of provincial and municipal governments from the position in 1965. At the same time, the accumulations in the new government Pension Plans represent additional saving that will serve to offset the trend toward dissaving of all levels of government combined. In connection with the funds made available from the new Pension Plans, some provincial authorities have announced that they will be used to finance capital outlays beyond those of government departments, for example, schools and universities.

Government expenditures on goods and services, together with consumer spending, business capital formation, inventory increases and exports, constitute the total demand on Canadian productive resources. Almost three-fifths of total expenditures by government are spent on goods and services, and last year these expenditures absorbed 18½ per cent of the nation's output. Since government expenditures on goods and services will probably increase more rapidly than output in 1966, this ratio will increase fractionally. This rate of advance in government demands for goods and services in 1966 is expected to be greater than the

rise in consumer demands and probably close to the rate of increase expected in exports. An even greater demand on our productive resources is expected to result from the increase in business capital formation. It is the conjuncture of these added demands that would give rise to the strains that may develop in 1966.

Capabilities of Supply

The emergence of this combination of consumer, business, government and export demands, after five years of continued expansion, will probably strain available sources of supply in 1966. While some part of this strain will be taken up, as already noted, by imports, a large part of the total increase in demand will fall upon Canadian sources of supply. Any assessment of the likely course of events in 1966 therefore calls for a review of probable developments in the labour force, the capital facilities of the nation, and the gains in productivity which might be achieved in the current situation.

Over time, improvements in productivity can be expected to take place. In the short run, however, a number of rigidities can be expected to have an important effect on developments. During the past year, there have been substantial additions to the labour force and to the stock of capital facilities. There have been continued advances in productivity, but not as large as those achieved in the first three or four years of expansion. It is a common feature of most business cycles that productivity advances are more rapid in the early stages of an expansion, when resources are abundant, than in the later stages of expansion, when all available resources are pressed into use, and various shortages and bottlenecks appear. Of course the situation varies from industry to industry, from occupation to occupation and from region to region. Efforts are under way to improve productivity through various public and private efforts, but these require time to make their maximum contribution.

Looking forward in 1966, a continuation of recent broad trends in labour supply, capital facilities and economic productivity is expected. The domestic labour supply is likely to be augmented by a flow of immigrants at least as large as in the past year. The inflow of young adults and of married women into the labour force is expected to continue at the same rate as in the past year, or perhaps even a little more rapidly. A reduction of unemployment below the 1965 average of 3.9 per cent may be expected, since the rate in the later months of the past year was below that. There will be a larger number of part-time workers, particularly among married women, and among those who were previously retired or voluntarily idle. The increasing amount of part-time work is expected to continue to reduce average hours of work, at the same rate as in the past year. Taking all of these factors into account, it should be possible to increase substantially the total amount of manhours available for production. However, further substantial advances in manhour productivity cannot be counted upon in the present circumstances. Therefore, the increase in aggregate output of goods and services in the economy (apart from the crop prospects)

will be hard pressed to equal the gains of the past year, when part of the increased output came out of the existence of a considerable amount of economic slack.

Capital facilities have been augmented by the massive investment programme of 1965, but the present rates of capacity utilization appear very high (insofar as available measurements permit an inference). The high utilization rates themselves suggest one reason why current investments are increasing rapidly and why construction activity and machinery and equipment purchases are at such a high level.

Taking into account all of the increases in supply which can be expected in 1966, the increase in volume of output cannot be expected to reach that of 1965, and it seems likely that the increase attained will be the maximum possible within the limitations imposed by physical supply.

Prices

The forces currently bearing upon the determination of prices are of such complexity that firm conclusions on probable price trends cannot be drawn from a broad review of total supply and demand. In assessing the likely course of price developments in 1966, the relationships between projected demand and projected supply, however, will have important consequences. It is clear from the factors reviewed in these pages that current upward price trends could well persist, unless significant productivity improvements emerge to add to the supply capability of the economy, or unless the rate of increase in demand should turn out to be notably lower than currently expected. Some prices which affect the indexes fairly heavily, such as those of food, are governed by the vagaries of nature and prediction is difficult. Other factors also, having no direct relationship to supply or demand forces, may also contribute to the movement of prices. (One such factor is the commencement in January 1966 of payment of contributions to the Canada and Quebec Pension Plans, which will add somewhat to costs.) All of these factors, in the context of conditions in the early months of 1966, suggest that it would not be prudent to assume a rate of price increase any less than that recorded in 1965.

MANPOWER IN THE CANADIAN ECONOMY

The Canadian labour force[1] in 1965 increased by 3.0 per cent over 1964. This growth was remarkably rapid by recent standards and also in comparison with the experience of other major industrialized nations. It reflected natural increase, higher immigration, and a rise in the rates of participation of the population in the labour force. Increased participation, in turn, was associated with the buoyancy of employment opportunities in most parts of the country. For the same reason, the movement out of agriculture into non-farm jobs accelerated in 1965. Major developments in the labour force, employment and unemployment are summarized in Table 10.

[1]Labour force and employment data analysed in this section are taken from *The Labour Force*, published monthly by DBS and the Department of Labour.

TABLE 10

LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT, CANADA
1957 to 1965

Thousands of Persons

—	1957	1958	1959	1960	1961	1962	1963	1964	1965
Labour Force	6,008	6,137	6,242	6,411	6,521	6,615	6,748	6,933	7,141
Employed	5,731	5,706	5,870	5,965	6,055	6,225	6,375	6,609	6,862
Unemployed	278	432	372	446	466	390	374	324	280
	Year-to-year change, per cent								
Labour Force	..	2.1	1.7	2.7	1.7	1.4	2.0	2.7	3.0
Employed	..	−0.4	2.9	1.6	1.5	2.8	2.4	3.7	3.8
	Average of monthly rates								
Unemployment rate[1]	4.6	7.0	6.0	7.0	7.1	5.9	5.5	4.7	3.9

[1] Unemployed as a per cent of the labour force.

SOURCE: DBS and Department of Labour, *The Labour Force.*

Total employment grew more rapidly than the labour force, rising by 3.8 per cent. Non-agricultural employment rose even more rapidly, by 4.8 per cent. Contributing to this were sharp gains in the employment of women and young people. The seasonally-adjusted unemployment rate in 1965 averaged 3.9 per cent, and was in the region of 3.5 per cent during the final quarter of the year.

Regional developments generally reflected the national pattern. In all regions, employment grew more rapidly than labour force, and non-agricultural employment grew more rapidly than total employment. The movement out of agriculture was most marked in the Atlantic region, but the percentage gain in employment was greatest in British Columbia. The unemployment rate for the year was highest in the Atlantic region and lowest in Ontario. The regional situation for 1965 is summarized in Table 11.

TABLE 11

LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT BY REGIONS, 1965

Thousands of Persons

—	Atlantic	Quebec	Ontario	Prairie	British Columbia
Labour Force	611	2,022	2,614	1,228	666
Employed	566	1,912	2,548	1,196	639
Unemployed	45	110	66	32	27
Unemployment rate (per cent)	7.4	5.4	2.5	2.6	4.1
Per cent growth in labour force	3.9	3.6	2.3	2.4	4.2
Per cent growth in employment	4.4	4.7	3.0	2.9	5.6
Per cent growth in non-agricultural employment	5.8	4.8	3.6	6.8	5.8

SOURCE: DBS and Department of Labour, *The Labour Force.*

These developments are discussed in detail in the following pages

CHART 5

LABOUR FORCE, TOTAL EMPLOYMENT AND MALE EMPLOYMENT 1961 TO 1965



The Labour Force

The Canadian labour force was larger by 208,000 persons, or 3.0 per cent, in 1965 than in 1964. Table 12 summarizes the changes which have occurred in recent years. From this table, it may be seen that the rate of increase of women in

the labour force was far higher than that of men. The number of women in the labour force grew in 1965 by 104,000, exactly matching the increase in the number of men, while the increase relative to the number of women in the 1964 labour force was 5.3 per cent. A review of the trend since 1957 (shown in the table) reveals a consistently higher year-to-year growth rate in the female labour force than that of the labour force as a whole.

TABLE 12

THE CANADIAN LABOUR FORCE

1957 to 1965

Thousands of Persons

—	1957	1958	1959	1960	1961	1962	1963	1964	1965
Labour force—									
Total	6,008	6,137	6,242	6,411	6,521	6,615	6,748	6,933	7,141
Agricultural	755	731	712	697	698	675	662	641	602
Non-agricultural	5,253	5,406	5,530	5,714	5,823	5,940	6,086	6,292	6,540
Men	4,573	4,641	4,687	4,754	4,782	4,819	4,879	4,961	5,065
Women	1,435	1,496	1,554	1,657	1,739	1,797	1,870	1,972	2,076
Age 14–19 years	587	591	603	627	630	648	672	700	738
Per cent change, year to year—									
Total	.....	2.1	1.7	2.7	1.7	1.4	2.0	2.7	3.0
Agricultural	.....	−3.2	−2.6	−2.1	0.1	−3.3	−1.9	−3.2	−6.1
Non-agricultural	.....	2.9	2.3	3.3	1.9	2.0	2.5	3.4	3.9
Men	.....	1.5	1.0	1.4	0.6	0.8	1.2	1.7	2.1
Women	.....	4.3	3.9	6.6	4.9	3.3	4.1	5.5	5.3
Age 14–19 years	.....	0.7	2.0	4.0	0.5	2.9	3.7	4.2	5.4

SOURCE: DBS and Department of Labour, *The Labour Force.*

The growth of the 14 to 19-year age group in the labour force, by 38,000 persons or 5.4 per cent, was mainly a reflection of demographic trends, and continued the acceleration which has been in evidence since 1962. In 1961, young people formed 9.7 per cent of the labour force, while in 1965 they represented 10.3 per cent. In part, however, it also reflected an upturn in participation rates in this age-group, reversing the trend of recent years. In turn, this was largely accounted for by a greater proportion of 18 and 19 year olds in this age group than has recently been the case.

PARTICIPATION RATES, POPULATION 14–19 YEARS

(Labour force as a per cent of population)

—	1960	1961	1962	1963	1964	1965
Men	42.8	40.3	39.6	39.2	38.3	38.7
Women	32.6	32.3	30.9	29.9	29.9	30.2

The male labour force, affected in part by the influx of teenagers, also grew more rapidly than in any recent year. The 55 to 64 age group continued the modest rise in its participation rate which first became evident in 1964. Other age groups maintained the characteristic stability of their labour force participation.

Immigration contributed to the labour force increase, with the number of immigrants destined for the labour force in the first three quarters, at 56,000, being almost 30 per cent larger than the number a year earlier. The majority of these were adult males.

A major feature of the labour force scene in 1965 was the acceleration in the movement out of agriculture. The agricultural labour force declined by 6.1 per cent, compared to a fall of 3.2 per cent in 1964. The shift from agriculture into non-agricultural occupations caused the non-farm labour force to rise by 3.9 per cent, compared with the 3.0 per cent increase recorded for the total labour force.

This accelerated shift, together with the uptrend in participation rates, the substantial increase in the female labour force, and the higher immigration were largely accounted for by the growth in employment opportunities in non-agricultural industries. A response of this nature to increases in the demand for labour has become a familiar feature of the Canadian economy in the postwar period, indicating the existence of a high degree of elasticity in the supply of labour. At the same time, there were proportionately fewer workers with experience in modern Canadian industry among those obtaining jobs in 1965, as the pool of experienced unemployed shrank, while there were proportionately more workers entering employment direct from the home, from school, from abroad, or from the farm sector. Many of the women who took jobs in 1965 worked only on a part-time basis. These developments had an important bearing upon the measured rate of overall productivity improvement in 1965, as discussed below.

The contribution made by the skills of new entrants to the labour force, and by the upgrading or more efficient use of the skills of those already at work, cannot be precisely measured. Some indication of the situation and prospects, however, is given by the record of enrolments and completions in the various technical and vocational institutes and schools now established in all regions of Canada. The numbers completing courses at the vocational high schools in 1965 are estimated to have been substantially higher than the 32,000 recorded a year earlier; the number of students in these courses has almost doubled in recent years. Graduations from two-year courses at the institutes of technology in 1965 were 3,100, but some 22,000 students are now enrolled and graduations will increase sharply. Enrolments in courses for retraining the unemployed, at 60,000, are currently 20 per cent higher than they were in 1964-65. Enrolments in these and other courses, all of which are primarily under provincial administration, but which have been made available through federal-provincial co-operation and federal financial assistance, have been rising sharply in recent years. These trends may be expected to contribute more to the raising of levels of skill in future years, both as the number of graduates increases and as they acquire experience in applying their new training.

The numbers of professional and skilled immigrants have of course risen as immigration has risen. The distribution among the various kinds of skill and occupation has not, however, changed to any marked extent in recent years.

IMMIGRANTS DESTINED TO THE LABOUR FORCE
DISTRIBUTION BY SKILLS AND OCCUPATION
(Per cent)

—	9 months 1962	9 months 1963	9 months 1964	9 months 1965
Managerial, professional and clerical	38.2	36.9	37.3	38.0
Other skilled and semi-skilled	47.4	50.4	48.7	49.2
Labourers and agriculture	14.4	12.7	14.0	12.8
	100.0	100.0	100.0	100.0

Employment

The number of people in employment in 1965 was higher by 253,000, or 3.8 per cent, than it was in 1964. Non-agricultural employment rose by 4.8 per cent, while the number of young people with jobs rose by 7.2 per cent. The major developments of recent years in employment are summarized in Table 13.

TABLE 13

EMPLOYMENT, CANADA

1957 to 1965

Thousands of Persons

—	1957	1958	1959	1960	1961	1962	1963	1964	1965
Employment—									
Total	5,731	5,706	5,870	5,965	6,055	6,225	6,375	6,609	6,862
Agricultural	748	718	700	683	681	660	649	630	594
Non-agricultural	4,983	4,988	5,170	5,282	5,374	5,565	5,726	5,979	6,268
Men	4,329	4,263	4,363	4,368	4,381	4,488	4,567	4,698	4,842
Women	1,402	1,442	1,507	1,597	1,674	1,737	1,808	1,911	2,020
Age 14–19 years	537	515	536	545	548	573	596	628	673
Per cent change, year to year—									
Total	.....	−0.4	2.9	1.6	1.5	2.8	2.4	3.7	3.8
Agricultural	.....	−4.0	−2.5	−2.4	−0.3	−3.1	−1.7	−2.9	−5.7
Non-agricultural	.....	0.1	3.6	2.2	1.7	3.6	2.9	4.4	4.8
Men	.....	−1.5	2.3	0.1	0.3	2.4	1.8	2.9	3.1
Women	.....	2.9	4.5	6.0	4.8	3.8	4.1	5.7	5.7
Age 14–19 years	.....	−4.1	4.1	1.7	0.6	4.6	4.0	5.4	7.2

SOURCE: DBS and Department of Labour, *The Labour Force.*

This table indicates the vulnerability of the teen-age group, with its relative lack of skills and experience, to fluctuations in the growth of employment opportunities. In 1958, for example, a fractional decline in total employment from the very high 1957 levels was accompanied by a very much greater than proportional drop in the number of young people with jobs. In the same way, the percentage gain in teen-age employment in 1965 was almost double that recorded for total employment.

TABLE 14

LABOUR FORCE AND EMPLOYMENT

GROWTH RATES, 1949 TO 1965 AND 1961 TO 1965

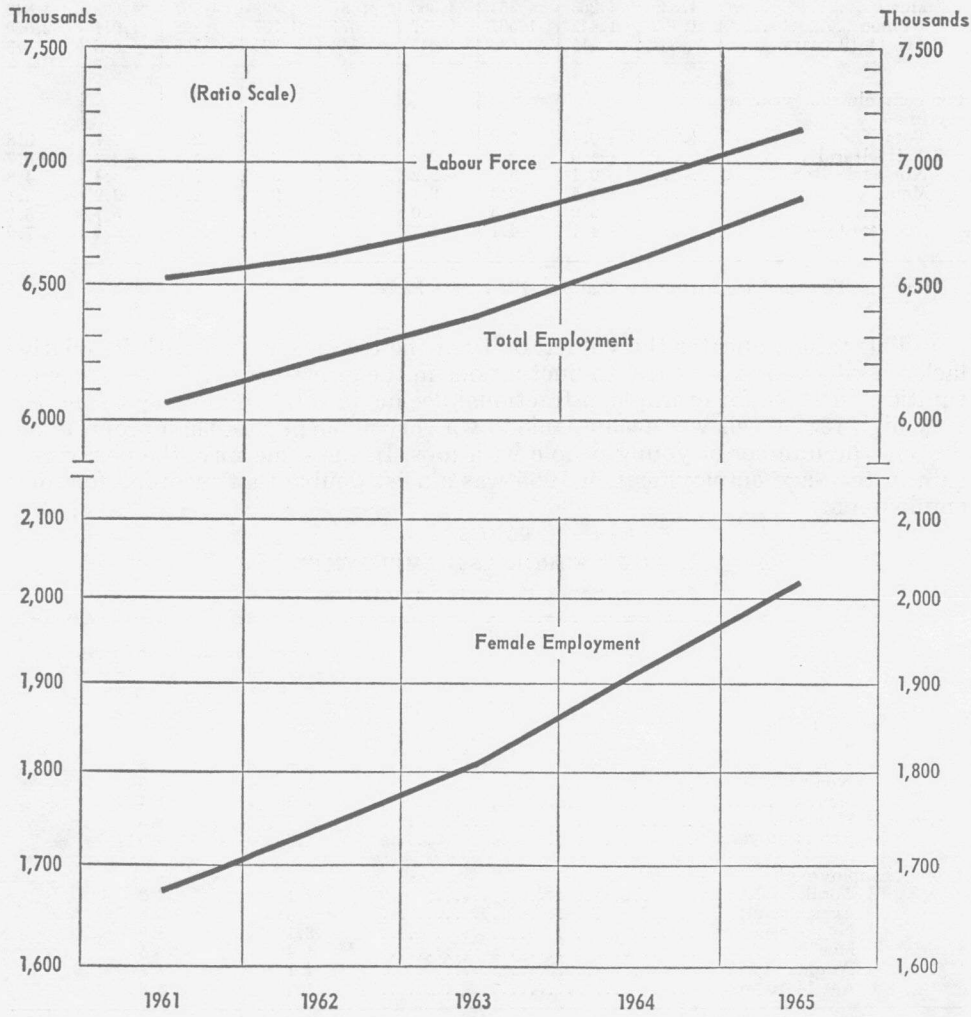
	Per cent per year compound rate	
	1949 to 1965	1961 to 1965
Labour Force:		
Total	2.2	2.3
Agricultural	−3.6	−3.6
Non-agricultural	3.1	2.9
Men	1.5	1.4
Women	4.1	4.5
Age 14–19 years	1.6	4.0
Employment:		
Total	2.1	3.2
Agricultural	−3.6	−3.4
Non-agricultural	3.1	3.9
Men	1.4	2.5
Women	4.1	4.8
Age 14–19 years	1.4	5.3

The Budget—Appendix

The number of women with jobs has revealed a very high year-to-year growth record in recent years. The annual rate of growth between 1961 and 1965 was 4.5 per cent, rather greater than the 4.1 per cent annual growth rate recorded over the entire 1949 to 1965 postwar period. Table 14 sets out the growth rates of the labour force and of employment over these periods, for purposes of comparison, and Charts 5 and 6 show these comparisons graphically. Women now represent 29 per cent of the employed labour force, compared to 22 per cent in 1949. It is of interest to note that the increase in employment of adult women has been

CHART 6

LABOUR FORCE, TOTAL EMPLOYMENT AND FEMALE EMPLOYMENT 1961 TO 1965



heavily concentrated among those 35 years of age and above, while the number of employed women in the age group 25 to 34 years has changed to a much lesser extent.

EMPLOYMENT OF ADULT WOMEN

Year	Age Group			
	25 to 34	35 to 44	45 to 54	55 to 64
	(Thousands of persons)			
1965	361	417	367	188
1956	292	248	185	87
Increase 1956 to 1965	69	169	182	101

As a result of the continued growth of job opportunities in 1965, the number of unemployed declined again from the previous year's level. The unemployment rate for the year as a whole was 3.9 per cent, and the rate towards the end of the year averaged around 3.5 per cent on a seasonally adjusted basis. The 1965 unemployment rate was the lowest since 1956, when it was 3.4 per cent. Unemployment levels varied greatly among the different regions of Canada, as discussed in some detail below, and in some areas there were shortages of many kinds of skilled labour.

UNEMPLOYMENT RATE, 1957 TO 1965
(Unemployed as a per cent of the labour force)

1957	1958	1959	1960	1961	1962	1963	1964	1965
4.6	7.0	6.0	7.0	7.1	5.9	5.5	4.7	3.9

Regional Developments

The regional estimates of 1965 labour force and employment, illustrated in Chart 7, revealed a continuation of excess labour supply in some areas, while in others the flow of new entrants and new skills was insufficient to meet the need for workers which developed in the course of the year. In the Atlantic region, the total labour force rose by 3.9 per cent and total employment by 4.4 per cent, so that there was again a fall in the unemployment rate. The movement from agriculture was very marked in the Atlantic region, and non-agricultural employment rose by 5.8 per cent. Employment of young people rose even more rapidly. (These changes are summarized in Table 15). However, the unemployment rate in this region, at 7.4 per cent, remained substantially higher than that in any of the other major regions, while the percentage decline in the number of unemployed, compared to that in other areas, was smaller.

CHART 7

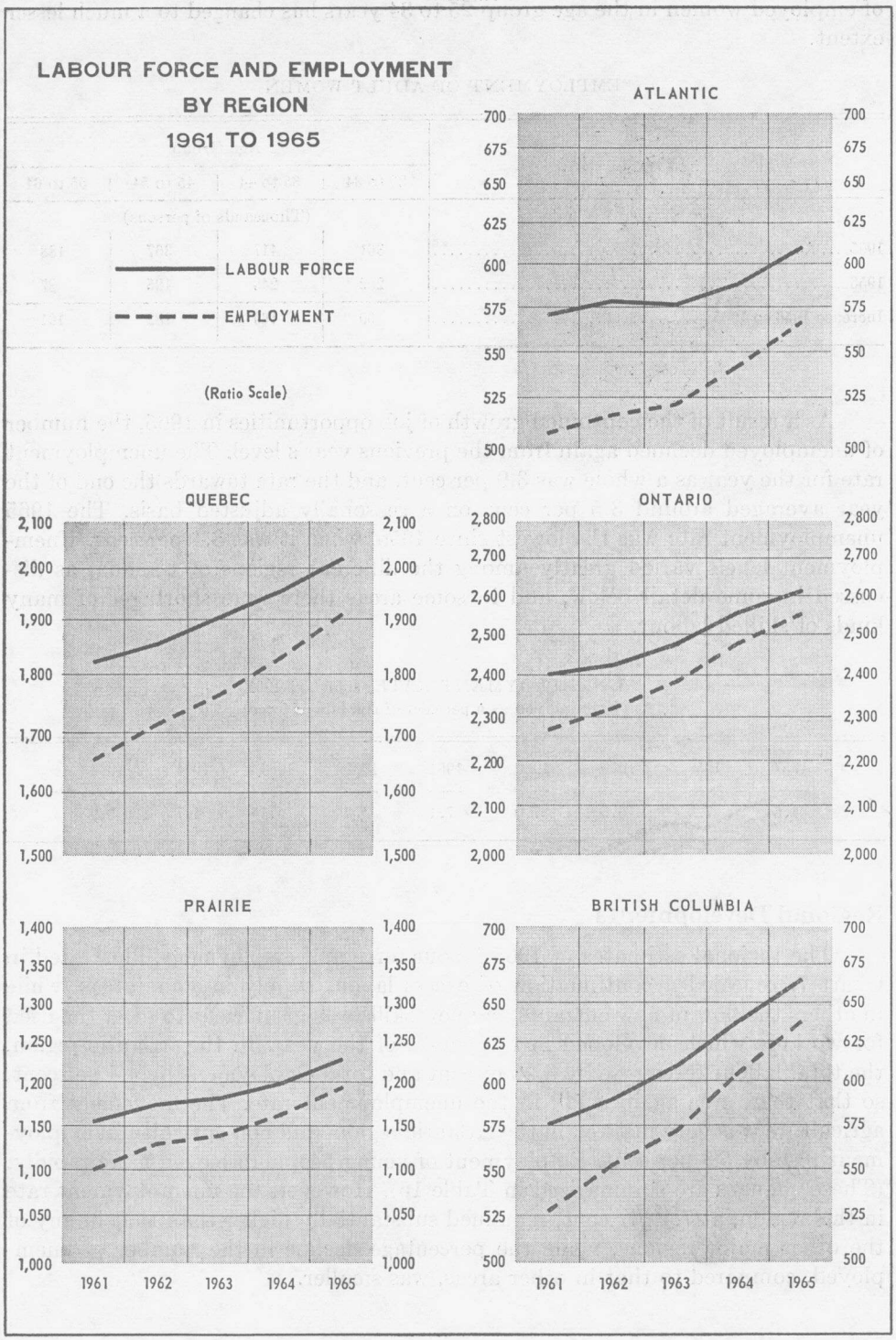

LABOUR FORCE AND EMPLOYMENT
BY REGION
1961 TO 1965
LABOUR FORCE
EMPLOYMENT
(Ratio Scale)
ATLANTIC
QUEBEC
ONTARIO
PRAIRIE
BRITISH COLUMBIA
1961
1962
1963
1964
1965

TABLE 15

LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT BY REGIONS,
1964 and 1965

—	1964	1965	Change Per cent
	Thousands of Persons		
Atlantic Region			
Labour Force:			
Total	588	611	3.9
Non-agricultural	548	577	5.3
Employment:			
Total	542	566	4.4
Non-agricultural	504	533	5.8
Age 14–19 years	57	62	8.8
Unemployed	46	45	−2.2
Quebec Region			
Labour Force:			
Total	1,951	2,022	3.6
Non-agricultural	1,832	1,903	3.9
Employment:			
Total	1,827	1,912	4.7
Non-agricultural	1,713	1,796	4.8
Age 14–19 years	190	204	7.4
Unemployed	124	110	−11.3
Ontario Region			
Labour Force:			
Total	2,556	2,614	2.3
Non-agricultural	2,394	2,461	2.8
Employment:			
Total	2,473	2,548	3.0
Non-agricultural	2,314	2,397	3.6
Age 14–19 years	211	224	6.2
Unemployed	83	66	−20.5
Prairie Region			
Labour Force:			
Total	1,199	1,228	2.4
Non-agricultural	901	955	6.0
Employment:			
Total	1,162	1,196	2.9
Non-agricultural	866	925	6.8
Age 14–19 years	120	128	6.7
Unemployed	37	32	−13.5
British Columbia			
Labour Force:			
Total	639	666	4.2
Non-agricultural	616	644	4.5
Employment:			
Total	605	639	5.6
Non-agricultural	583	617	5.8
Age 14–19 years	50	55	10.0
Unemployed	34	27	−20.6

SOURCE: DBS and Department of Labour, *The Labour Force.*

The Quebec region continued to experience above-average unemployment in the eastern areas, while conditions were much tighter in the western part of the province. In contrast to other areas, employment in agriculture in Quebec rose slightly. The total labour force rose by 3.6 per cent and total employment by 4.7 per cent. Employment of young people rose by 7.4 per cent. The unemployment rate for the year as a whole averaged 5.4 per cent, which (as Table 16 indicates) was below that of the Atlantic region but higher than that in any other region.

TABLE 16

UNEMPLOYMENT RATES BY REGION
1957 to 1965

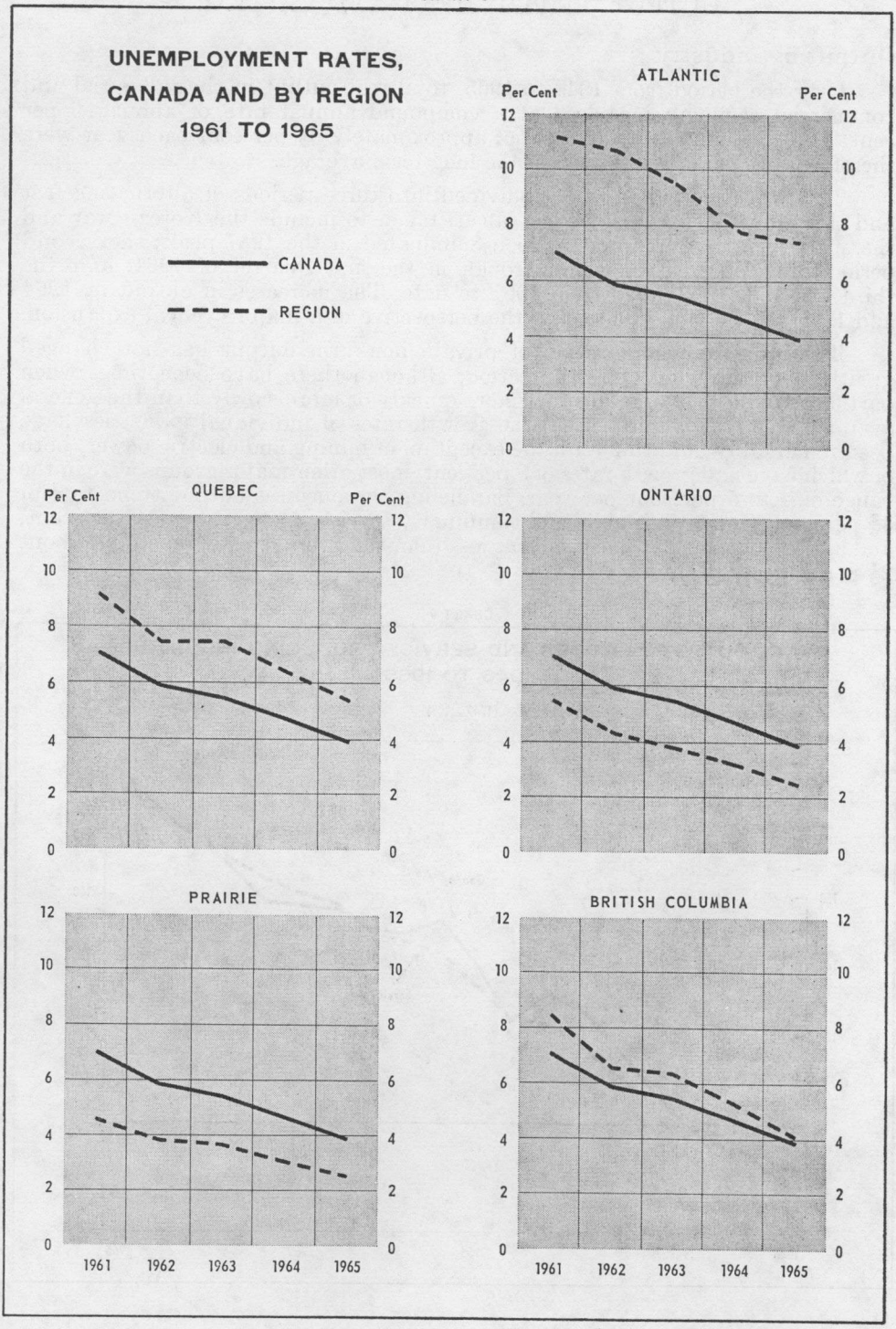
(Unemployed as a per cent of the Labour Force)

Region	1957	1958	1959	1960	1961	1962	1963	1964	1965
Atlantic	8.4	12.5	10.9	10.7	11.2	10.7	9.5	7.8	7.4
Quebec	6.0	8.8	7.8	9.1	9.2	7.5	7.5	6.4	5.4
Ontario	3.4	5.4	4.5	5.4	5.5	4.3	3.8	3.2	2.5
Prairie	2.6	4.1	3.2	4.2	4.6	3.9	3.7	3.1	2.6
British Columbia	5.0	8.6	6.5	8.5	8.5	6.6	6.4	5.3	4.1
Canada	4.6	7.0	6.0	7.0	7.1	5.9	5.5	4.7	3.9

In Ontario, the increase in the labour force, at 2.3 per cent, was the lowest in Canada. The number of unemployed fell by over 20 per cent during the year, and the unemployment rate averaged 2.5 per cent for the year. The Prairie region, which also started the year at high employment levels, similarly experienced a relatively small increase in total labour force, namely, 2.4 per cent. In this region, however, the non-agricultural labour force rose by 6.0 per cent, with approximately one-half of the increase arising from a movement out of agriculture. Employment rose by 2.9 per cent and the unemployment rate fell to 2.6 per cent from the 3.1 per cent of the year before.

The labour force in British Columbia rose by 4.2 per cent, which was the highest rate recorded in any region. Total employment, rising by 5.6 per cent, was also a regional record. There was no net movement out of agriculture in this region, so that all of the net gain in non-farm employment came from natural increase, higher participation rates, and immigration from other provinces or from outside Canada. The 14–19 age group made particularly marked employment gains in this region in 1965.

CHART 8


UNEMPLOYMENT RATES,
CANADA AND BY REGION
1961 TO 1965
CANADA
REGION
ATLANTIC
QUEBEC
ONTARIO
PRAIRIE
BRITISH COLUMBIA
Per Cent
0
2
4
6
8
10
12
1961
1962
1963
1964
1965

OUTPUT, EMPLOYMENT AND CAPITAL

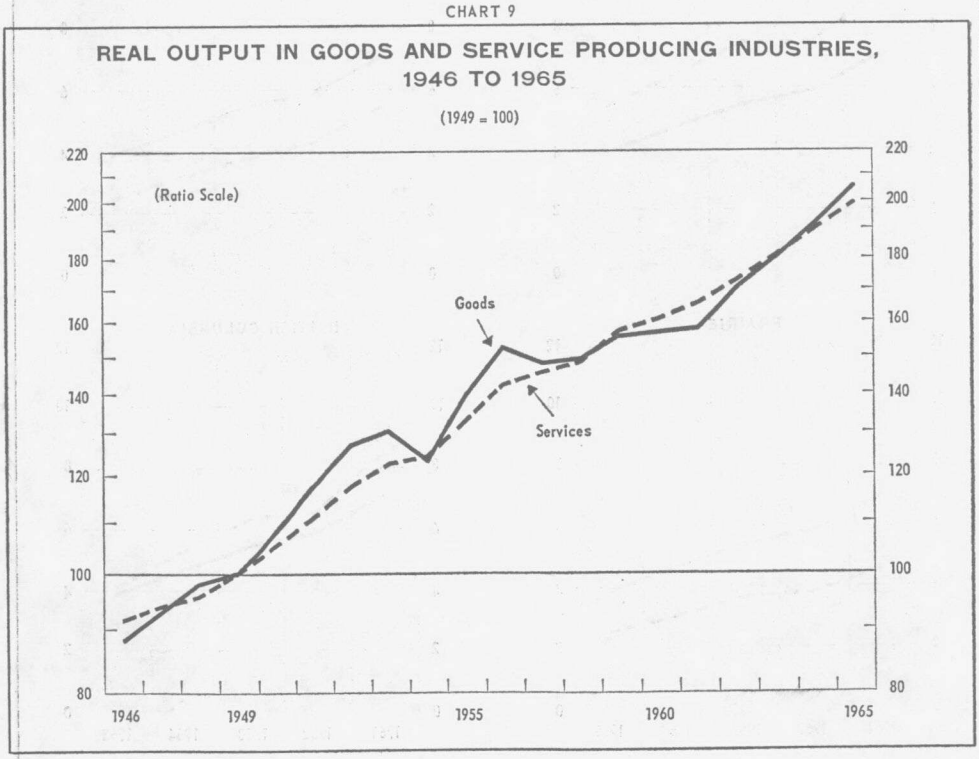
Output by Industry

Over the period from 1949 to 1965, total real output in the industrial and commercial economy increased at a compound annual rate of about $4\frac{3}{4}$ per cent. The 1964 and 1965 increases of approximately $6\frac{1}{2}$ per cent each year were therefore considerably in excess of the long term average.

This whole period can be subdivided into three periods of alternating fast and slow growth. The first period can be taken to include the Korean war and the subsequent resource boom which culminated in the 1957 peak; the second period extended to the cyclical trough in the first quarter of 1961, and the third period has extended from 1961 to date. The increases in output in 1964 and 1965 can therefore be seen in the perspective of a major cyclical expansion.

The industrial composition of private non-farm output has not changed greatly over the whole postwar period, although there have been times when particular industries were growing more quickly or more slowly than the general average. Over the whole period, the growth rates of individual industries have been remarkably uniform. With the exception of mining and electric power, both of which have had growth rates of 8 per cent, most other major groups were in the range of 4 to 5 per cent per year, paralleling the business output trend rate of $4\frac{3}{4}$ per cent. Output in public and community services has grown at $4\frac{1}{4}$ per cent, and agricultural output has grown at less than the average rate, recording about $2\frac{1}{2}$ per cent per year.

CHART 9



In terms of current dollar values, the service industries as a group have expanded more rapidly than the goods-producing industries. In terms of the volume of output, production of services in real terms has shown a parallel growth to that of goods, as Chart 9 illustrates. Output of services related to commodity distribution, such as trade and much of transportation, has, as expected, displayed growth rates and, more recently, cyclical patterns very similar to those of commodity production. Output of other services, such as finance, insurance and real estate, also indicate long term trends generally parallel to those of aggregate business product.

Within these broad aggregates, there were of course many spectacular developments in individual industries. The resource-based industries such as petroleum and natural gas, non-ferrous metal mining and processing, pulp and paper products, and electric power, had very rapid expansion rates in the earlier period to 1957, and many of them have recently experienced a new round of expansion of output and investment. Electric power and gas utilities expanded their output steadily, at nearly twice the average rate of all industries, throughout the postwar period. All of these industries are highly capital-intensive, so that contemplated expansions in output have been of necessity accompanied by large fixed capital expenditures on construction, machinery and equipment. A degree of over-capacity was in fact created in the period prior to 1957, leading to a subsequent major investment downturn; by 1963, however, following increases in output, the rate of new investment had again begun to expand rapidly.

The most recent cyclical expansion of output has been characterized by developments in secondary manufacturing which are in many ways an extension and refinement of the primary resource boom described above. The resurgence of manufacturing in the past five years is in no small part due to advanced processing in petro-chemicals, synthetic textiles, a variety of iron and steel products, telecommunications equipment, aircraft, automobiles, refrigerators and appliances and many other highly processed manufactures. Durable goods manufacturing has advanced more rapidly than non-durables in the current period of

TABLE 17

GROWTH RATES AND RECENT CHANGES IN BUSINESS PRODUCT

(Per cent per year)

	1949 to 1965	1961 to 1965	1964 to 1965[1]
Forestry	3.1	5.6	2.2
Mining	8.1	6.7	6.0
Manufacturing	4.5	7.1	7.0
Construction	4.8	5.9	11.2
Transportation, storage and communication	5.1	6.7	6.5
Electric power, gas and water utilities	7.8	7.7	8.3
Trade	4.3	5.4	6.3
Finance, insurance and real estate	4.8	4.7	4.1
Other commercial industries	3.3	5.9	3.4
TOTAL, BUSINESS PRODUCT	4.8	6.3	6.4
Agriculture	2.5	6.4	6.0
Public administration, defence and community services	4.2	1.0	2.2
TOTAL, DOMESTIC PRODUCT	4.5	5.8	6.1

[1]1965 estimated on the basis of nine months' data. Agricultural and total output in 1965 estimated by Department of Finance. Data in this and the following table will be revised by DBS during coming months.

expansion. Durable goods consist of consumer items such as automobiles, appliances and furniture, together with producers' goods such as machinery, agricultural implements and structural steel, and primary products such as iron and steel, sheet metal and saw mill products, many items of which are related to fixed capital formation. Production of consumer non-durables such as food, textiles and clothing advanced at a more moderate rate both throughout the longer-run postwar period and throughout the course of the current period of rapid growth. These developments are summarized in Table 17.

Employment and Output

Over the postwar years, substantial gains in total output have been accompanied by smaller increases in employment in the economy as a whole. The difference between these two growth rates is the material evidence of growth in overall productivity. In 1965, the gain in labour productivity was at a lower rate than both the longer postwar average and the average of recent years. Output per manhour typically shows some retardation of growth as full employment is approached,[1] when it becomes increasingly difficult to maintain continued rapid productivity increases.

In order to obtain a good measurement of labour productivity, it is necessary to remove from the total output certain areas in which the value of the output is conventionally measured only in terms of the value of the wage bill. These areas consist mainly of public administration and defence, and community services such as schools and hospitals and domestic service. Further, the conventional measure of real output in these areas is labour input, and the volume of output is therefore represented by the volume of employment. Consequently, productivity is necessarily defined as being constant and unvarying in these areas. For analytical purposes, agricultural output is also removed, because weather and crop variations can cause substantial fluctuations in aggregate output which are not related specifically to changes in agricultural employment. After these adjustments are made, the resulting measures of employment and output refer exclusively to the business economy. The term "business product", as used in this discussion, is synonymous with "commercial non-agricultural output" as used in official publications[2].

Business product in 1965 increased by 6.4 per cent, while the corresponding increase in employment amounted to 4.9 per cent. This implies an increment of 1.5 per cent in output per man. These figures refer to both output and employment of all groups, that is, employers, self-employed and paid workers. The latter are numerically the most important, amounting to 85 per cent of all employed persons.

Over the postwar period, as in recent years, there has been a continuing and substantial inflow to the paid worker category of the labour force, and an outflow from the self-employed, so that year-to-year changes in paid worker employment are larger than changes in total employment. Accordingly, the measurement of labour productivity is strongly affected by the measure of employment being used. At the same time, however, it is not possible to apportion the volume of output in most industries as between the various categories of paid workers,

---

[1]Economic Council of Canada, *Second Annual Review*, Ottawa, 1965, p. 35.
Hultgren, Thor, *Costs, Prices and Profits: Their Cyclical Relations*, N.B.E.R., New York, 1965, p. 155.

[2]The official statistics are entitled "Indexes of Output per Person Employed and per Manhour in Canada, Commercial Non-agricultural Industries, 1947–63". DBS Cat. No. 14-501 and *Daily Bulletin*, Oct. 12, 1965. These official statistics now cover the period 1946–64. Estimates for the year 1965 have been made by the Department of Finance, using the "Monthly Estimates of Employees by Province and Industry", DBS Cat. No. 72-008. These estimates have been reconciled to the labour force statistics obtained from the monthly labour force survey.

employers and self-employed in those industries. As a result, the 1965 productivity improvement figure of 1.5 per cent is of necessity derived from statistics of total output and total employment, rather than paid workers only.

On a manhour basis, labour productivity in 1965 was rather higher than the man-year figure of 1.5 per cent, since average hours of work were reduced by the growing numbers of part-time workers in the increasingly active conditions of last year. This 1965 reduction in average hours of work, however, does not appear to have diverged significantly from the long term rate of decline of 0.6 per cent per year. From 1949 to 1965, the growth of productivity on a manhour basis was 3.0 per cent per year. The aggregate manhour productivity increase in 1965 was somewhat below this postwar trend value, just as the man-year productivity gain was rather below average. One reason for this has already been suggested, namely, that cyclical variations in manhour productivity typically show rapid increments in early stages of expansion and less rapid increases later on. This in turn is related to the facts that more marginal workers are hired, there are changes in the amounts of part-time and overtime work, various shortages and bottlenecks appear, and efficiency improvements are more difficult to achieve as activity expands towards peak rates of output.

TABLE 18

TRENDS IN OUTPUT, EMPLOYMENT AND OUTPUT PER MAN, MAJOR AGGREGATES

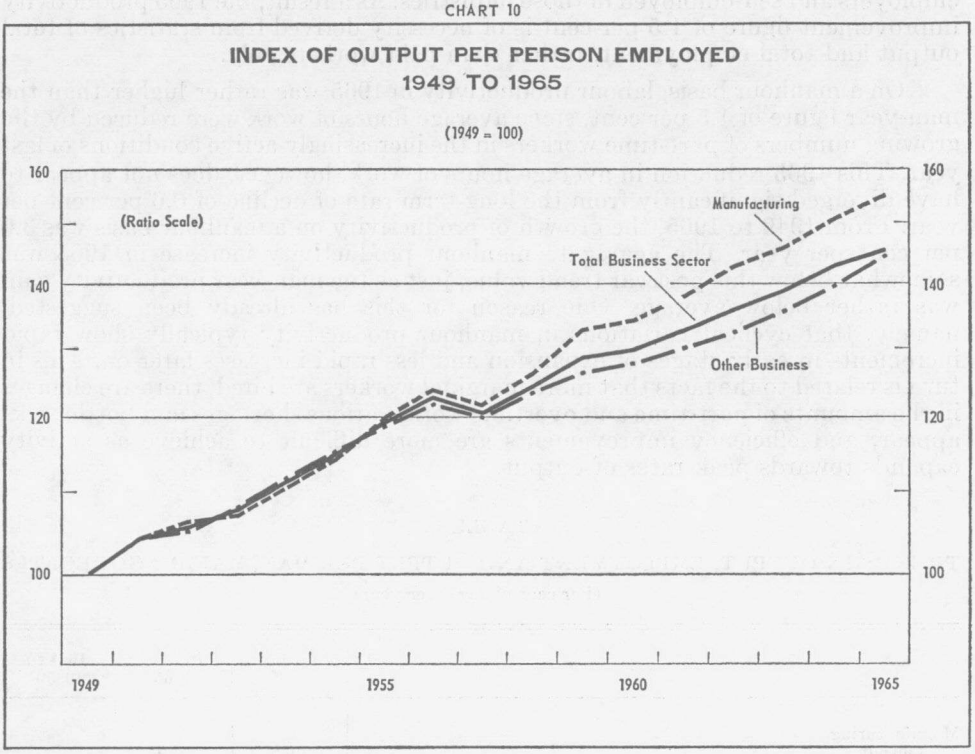
(Per cent changes per year)

—	1949 to 1965	1961 to 1965	1964 to 1965[1]
Manufacturing			
Output	4.5	7.1	7.0
Employment	1.7	4.2	4.9
Output per man	2.8	2.7	2.0
Non-manufacturing			
Output	4.9	5.9	6.2
Employment	2.6	3.5	4.9
Output per man	2.2	2.4	1.3
Total, Business Product			
Output	4.8	6.3	6.4
Employment	2.3	3.7	4.9
Output per man	2.4	2.5	1.5
Agriculture			
Output	2.5	6.4	6.0
Employment	−3.6	−2.9	−5.7
Output per man	6.5	10.1	12.5
Total Business Product and Agriculture			
Output	4.5	6.2	6.4
Employment	1.3	2.8	3.6
Output per man	3.2	3.4	2.7

[1]1965 estimates by Department of Finance.

Manufacturing output per person employed has had a postwar growth rate of 2.8 per cent per year, as Table 18 indicates. This 2.8 per cent rate per man-year was not maintained in 1965, when it fell to 2.0 per cent, although the manufacturing rate remained higher than the 1.5 per cent average gain in output per man in all industries. A comparison of trends in manufacturing and non-manufacturing output per person employed is shown on Chart 10.

CHART 10



Physical Capital and Output Capacity

During the past two years, the upsurge in new investment undertakings has resulted in net additions to the stock of business plant and equipment. There are also indications from the recent survey of business investment intentions that these additions will continue at a high rate during the current year.

In considering the broad question of economic growth, additions to the stock of physical capital in the business sector are of fundamental importance. They represent extra capabilities of supply, they supplement the growth of the labour force, and they add to economic productivity. The relationship between the existing capital stock in the business sector and current pressure of demand in the economy at large bears upon business sector planning for future investment activity. Estimates of the capital stock published in recent years[1] now make it possible to consider these various relationships within a broad statistical framework.

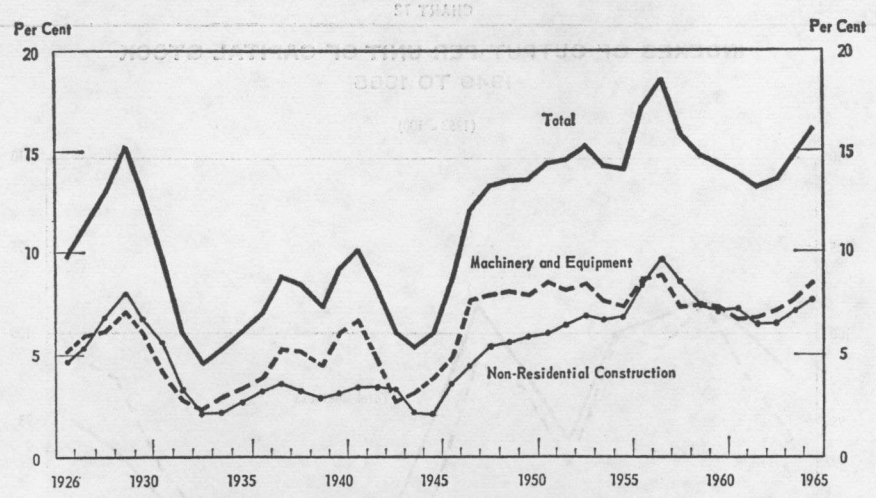
---

[1]Such estimates have been published by DBS, covering the period 1946 to 1960, and by the Economic Council of Canada, covering the period 1935 to 1963. The capital stock estimates given below have been obtained by multiplying published capital-output ratios by published output statistics. The ratios for the period 1935 to 1963 are given in Economic Council of Canada, Staff Study No. 5, *Business Investment to 1970* by D. A. White, pp 84–89. The output data are published by DBS (Cat. No. 61-505 and No. 61-005). The present discussion is confined to physical capital in the business sector. The business portion of capital and its related output excludes residential construction, agriculture and non-commercial services such as schools and hospitals.

Chart 11, which illustrates the relationship between investment and gross national product, indicates that there have been substantial variations in the proportion of business investment to GNP over the past forty years. The peaks correspond to the expansions of the late twenties and of the mid-fifties. There was very little expansion of business capital during the depression of the thirties and during World War II, but there followed a long period of rapid and sustained expansion, which was heightened by the Korean war and the resource development of the mid-fifties. This series of historical events culminated in the 1957 peak investment ratio, as described above. Thereafter, the ratio of business investment to GNP declined, to reach a postwar low in 1962 and 1963. Output recovered earlier than this, in 1961, and as the expansions in output and employment got under way, their increases were accompanied by an increase in capital investment. Thus the ratio of investment to GNP once again recovered, and at the present time it appears to be approaching the high levels of previous expansions.

CHART 11

COMPONENTS OF BUSINESS FIXED INVESTMENT AS PERCENTAGES OF GROSS NATIONAL PRODUCT 1926 TO 1965



Although the annual quantities of new investment are highly variable from year to year and during major cyclical episodes, they accumulate over a long span of years into a sizeable stock which grows at a relatively stable rate. By analogy with the labour force, which has new entrants and retiring persons, the capital stock has new additions and retirements or discards of old and obsolescent

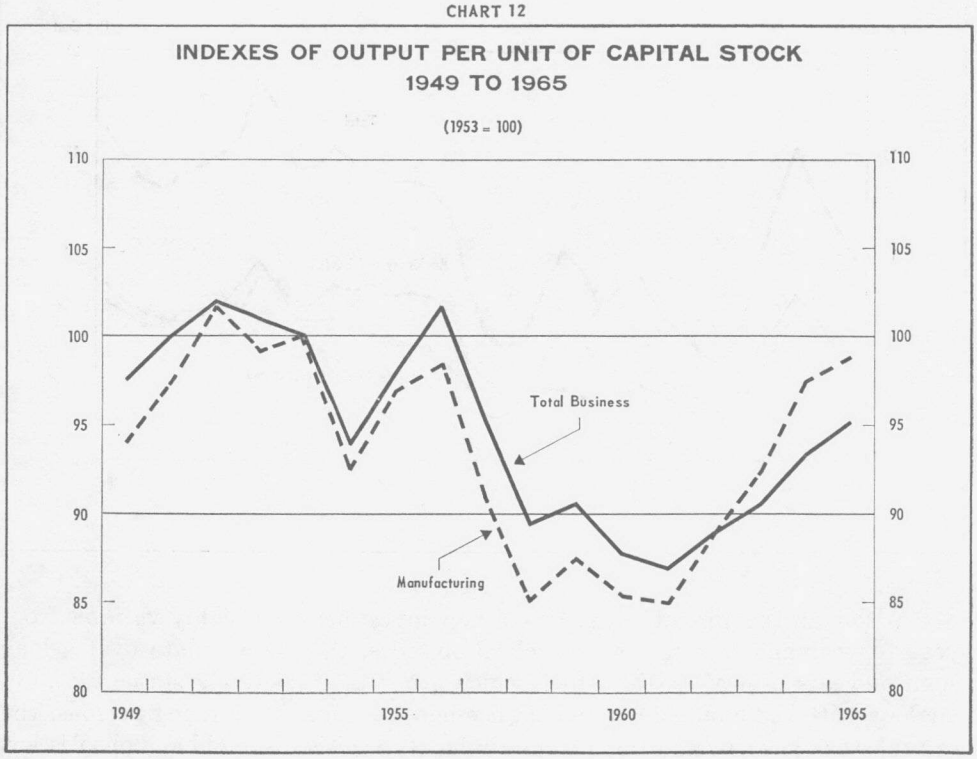
buildings and equipment. Estimates of the capital stock are obtained by accumulating new additions over long periods of time, while at the same time writing-off the discards of obsolete equipment and buildings at the ends of their useful lives[1].

The estimates of the capital stock made by the Dominion Bureau of Statistics and by the Economic Council of Canada suggest that the existing stock of plant and equipment is almost three times the size of the real output which it produces. Machinery and equipment is one and one-eighth times the annual output, and buildings and structures are one and five-eighths the annual output. Their total is two and three quarters times as large as the annual business product. This number is technically known as a capital-output ratio.

The relation of new investment to the stock may be summarized as follows. New investment in business plant and equipment in 1965 was one-fifth of business output. Output in turn was one-third of the stock. Therefore, the ratio of new investment to the stock, in 1965, was in the neighbourhood of one-fifteenth or 7 per cent. New investment, less the discards of obsolete plant and equipment, was even smaller than this, probably in the order of 5 per cent of the stock. It is apparent that it takes a great deal of new investment to change the stock appreciably, and thus to add to productive capabilities.

[1]This is known as the perpetual inventory method of arriving at estimates of the gross stock of buildings and equipment. The available estimates are handicapped by lack of knowledge regarding asset lives and rates of obsolescence. However, it is not essential for the present discussion to have an exact measure of the stock, but rather an approximation of its magnitude relative to investment.

CHART 12



Capital-output ratios vary a great deal from industry to industry, ranging from low ratios in construction, forestry and trade to high ratios in electric power and gas utilities, transportation and communication. Capital-output ratios vary from less than one to over ten, across the whole spectrum of industries, reflecting their different technologies and capital requirements. Despite this great diversity, each individual industry tends to have a more or less stable capital-output ratio over time, as does the capital-output ratio for the entire economy.

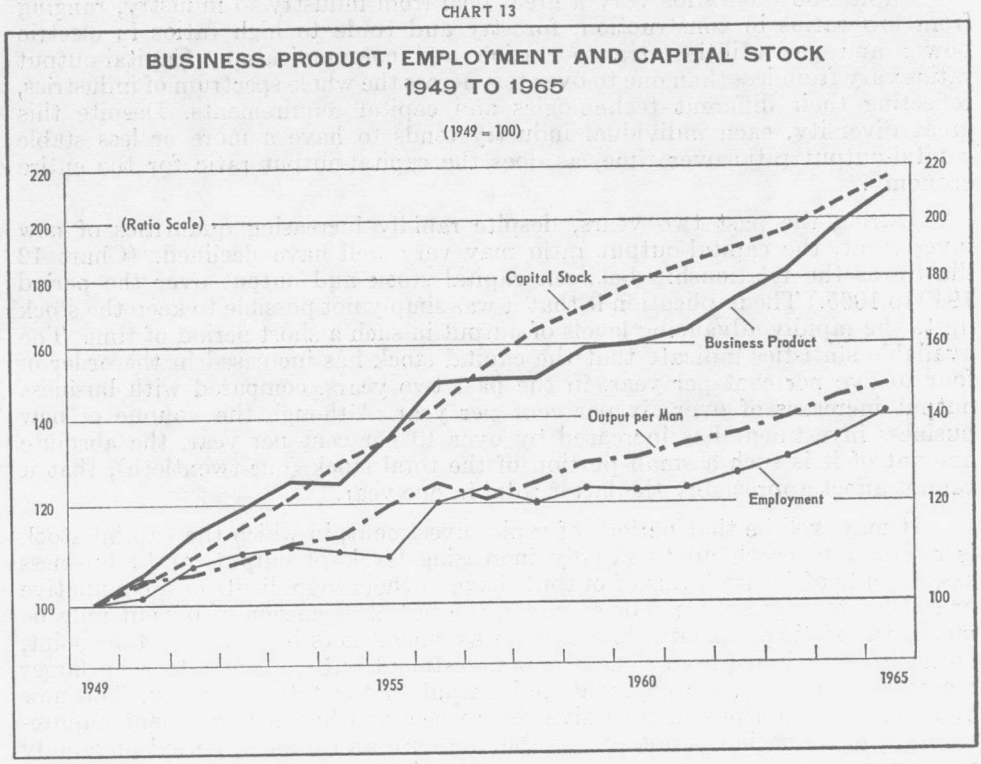
During the past two years, despite rapidly increasing quantities of new investment, the capital-output ratio may very well have declined. (Chart 12 illustrates the relationship between capital stock and output over the period 1949 to 1965.) The implication is that it was simply not possible to keep the stock up to the rapidly advancing levels of output in such a short period of time. The available statistics indicate that the capital stock has increased in the order of four to five per cent per year, in the past two years, compared with business output increases of over six per cent per year. Although the volume of new business investment has increased by over 10 per cent per year, the absolute amount of it is such a small portion of the total stock (one-twentieth), that it cannot affect appreciably the latter total in one year.

It may well be that periods of rapid investment, in which the capital stock is required to catch up to rapidly increasing levels of output, or to business assessments of future levels of output, have in them ingredients of a cumulative or self-reinforcing nature. For example, the initial expansion of output may be met with existing capacity, but as soon as output gets beyond a certain point, more capacity is required. These new investment outlays generate even larger increases in income, employment and output in the total economy. The new higher levels of output in turn give rise to new and higher investment requirements. This situation is not sustainable, because an extended period of rapidly increasing investment activity eventually brings about a state of affairs in which the stock of capital is growing more rapidly than total output, and conditions of excess capacity emerge. This, in itself, would lead to a declining rate of investment. In addition, investment plans may be based on the expansion of markets as represented by the growth in demand and output. In the earlier stages of a business upswing, the rate of increase in output is necessarily faster than in later stages, since increases in output result from both underlying growth factors as well as unemployed resources being brought into use. Accordingly, investment plans based upon the rapid growth in demand in the earlier stages of an upswing may not appear justified when seen later against the relatively slower growth of demand based upon more underlying factors. When this becomes apparent, the rapid increases in investment fall off, creating instability and unemployment in the capital goods industries and in the economy generally. The remedy for this type of situation may rest primarily in prevention rather than cure, by stretching out the period of rapid investment in order to approach the probable long-run position as smoothly as possible.

During periods of rapid expansion, when it is difficult to increase the capital stock beyond a certain limit in the short run, the economy of necessity responds by employing the available stock at very high rates of utilization.

The degree to which capital is utilized is shown to be quite flexible in the short run, as seen in Chart 12. In the long run, however, as already noted, the capital-output ratio appears to have some degree of stability, as there is time for various forms of adjustment to take place. Chart 13 illustrates some major trends in output, employment, capital stock and output per man.

CHART 13



INCOMES, COSTS AND PRICES

Labour Income

The increase in wages, salaries and supplementary labour income in the first nine months of 1965, shown in Table 19, was greater than that achieved during any previous comparable period or in any calendar year since 1961. It has been observed elsewhere in this review that there has been a continued movement of workers from a self-employed to employee status, which contributed to this rise in labour income. The general increase in employment recorded in the discussion of manpower developments also added to the total. A rise in hourly earnings in many industries made an important contribution, and the total was also influenced by a degree of movement out of lower-income industries, such as agriculture, into employee status in higher-paid industries, such as construction.

The breakdown of labour income increases as between higher average earnings and higher employment is shown in Table 20, for selected industries. Thus, the 1965 increase in income in mining was accounted for about equally by higher employment and higher average earnings. This was true also in wholesale and retail trade. In manufacturing, the increase in average incomes was a little more significant than the gain in employment, and in construction the emphasis lay more heavily on average earnings. The increases in employment and average earnings in construction were the highest among all major industries.

TABLE 19

LABOUR INCOME AND PROFITS 1961 TO 1965

—	1961	1962	1963	1964	1965[1]
	(Millions of dollars)				
Wages, salaries and supplementary labour income	18,996	20,233	21,546	23,416	25,628
Corporation profits before taxes and before dividends paid to non-residents	3,427	3,750	3,996	4,580	4,967
	(Per cent change)				
Wages, salaries and supplementary labour income	.....	+6.5	+6.5	+8.7	+10.6
Corporation profits before taxes and before dividends paid to non-residents	.....	+9.4	+6.6	+14.6	+11.0

[1]Average of 3 quarters, seasonally adjusted at annual rates.

TABLE 20

LABOUR INCOME, EMPLOYED PERSONS AND AVERAGE INCOME
1963 to 1965

SELECTED INDUSTRIES

—	Per cent increase in					
	Labour Income		Employed Persons		Average Income	
	1964/1963	1965[1]/1964	1964/1963	1965[1]/1964	1964/1963	1965[1]/1964
Mining	4.9	13.0	0.8	6.3	4.1	6.3
Manufacturing	8.6	10.2	4.8	5.6	3.6	4.4
Construction	11.5	23.7	5.3	10.0	5.9	12.5
Trade	8.6	10.5	4.0	5.0	4.4	5.2
Finance, insurance and real estate	9.2	8.4	5.2	5.4	3.8	2.8
Total all industries	8.7	10.9	3.7	5.4	4.8	5.2

[1]1965 preliminary estimates by Department of Finance.

SOURCE: *Estimates of Employees by Province and Industry*, Occ. Paper, DBS Cat. 72-503; *Ibid*, monthly, DBS Cat. 72-008; *The National Accounts*; The Labour Force Survey; Department of Finance estimates.

Weekly wages and salaries[1] in these same industries in 1965 amounted to $111.39 in mining, $94.03 in manufacturing, $103.27 in construction, $76.47 in trade, and $88.23 in finance, insurance and real estate. Thus, the industry in which employment expanded most rapidly, namely construction, was one in which average weekly wages were relatively high. In the case of mining, employment also rose more rapidly than the average, and here also average weekly

[1]SOURCE: DBS, *Employment and Payrolls*, Cat. 72-002. The data employed here refer to establishments employing 15 persons or more, and in certain respects are not strictly comparable to National Accounts and other data.

wages and salaries were high. In the finance, insurance and real estate group, where weekly wages and salaries are relatively lower, the increase in employment was about average.

The movement of workers into construction employment from other industries was an important element in the increase in total labour income. Some of the additional workers in construction were drawn from the mining industry, although despite this the mining sector increased employment in 1965. Most of these additional construction workers, however, came from industries in which average weekly wages and salaries were lower than in construction. Some skilled workers were drawn from the manufacturing and trade sectors, but a large number came in from agriculture. Many of those who came from agriculture had been self-employed, and as wage earners in industry added to the increase in labour income.

Corporation Profits

The changes in corporation profits before taxes and before dividends paid to non-residents, which were presented in summary form in the introductory section of this review, are set out in greater detail in Table 21, and shown in Chart 14.

This table indicates that the rate of growth in profits was less in 1965 than 1964 in a large number of industries. (These comparisons are derived from Department of Finance preliminary estimates). Actual declines in profits occurred in the paper industries and textiles, knitting mills and clothing. The rate of growth in profits was higher than in 1964 in the utilities group, the service industries, food and beverages, and retail trade.

TABLE 21

PROFITS BY INDUSTRY

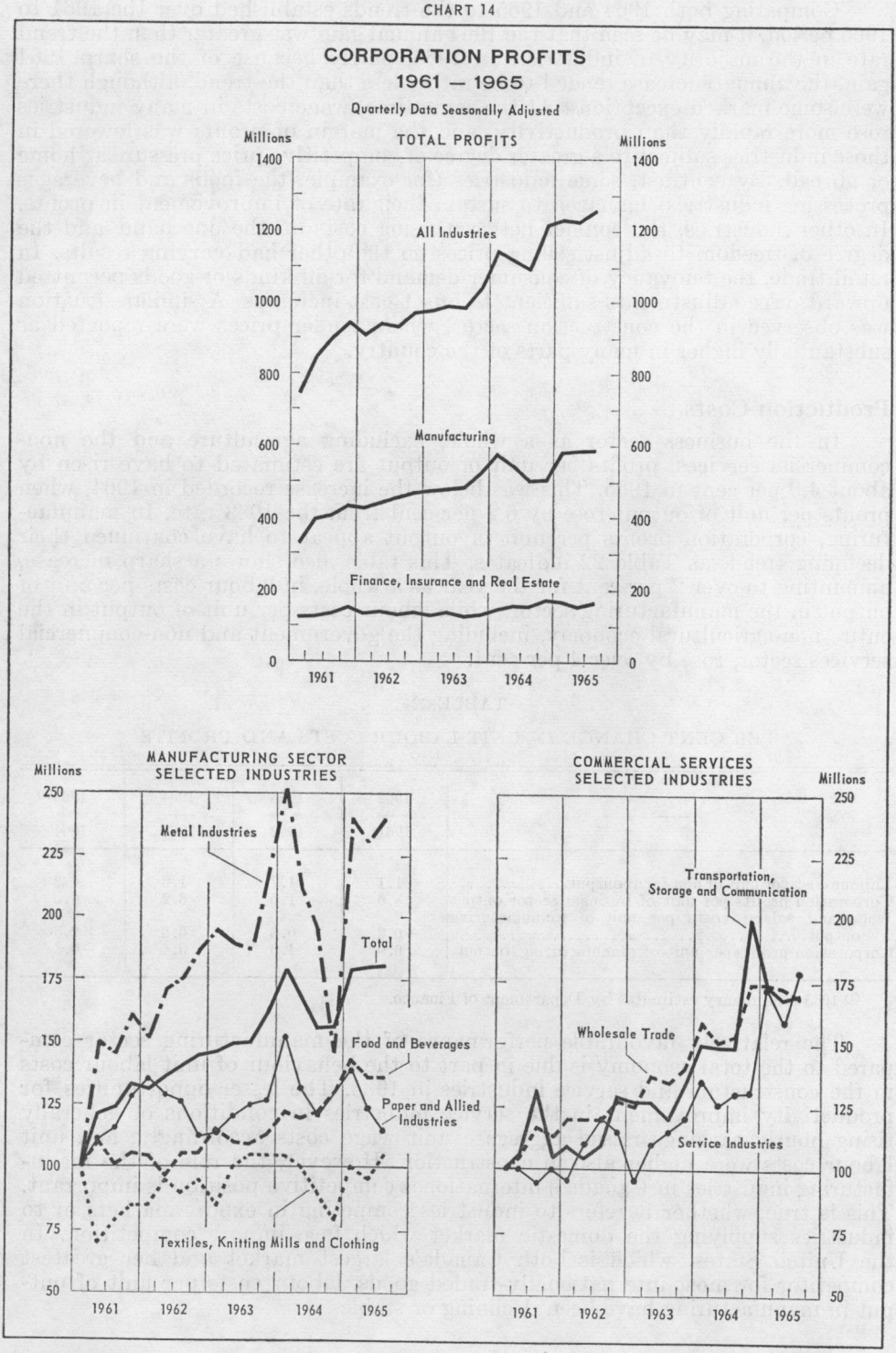
1963 to 1965

—	Per cent increase		
	1965[1] / 1964	1964 / 1963	1965[1][2] / 1961
Mining, Quarrying and Oil Wells	12.0	32.9	14.7
Total, Manufacturing Industries	7.6	8.6	10.2
Food and Beverages	10.9	10.3	7.0
Paper	−16.3	10.3	−0.3
Textiles	− 1.3	−5.1	2.5
Metal Industries	18.7	1.3	14.4
Electrical Products	12.9	27.8	29.0
Petroleum and Coal Products	7.8	14.3	6.1
Chemicals	7.5	13.3	16.3
Transportation, Storage and Communication	23.4	25.7	15.8
Electric Power and Gas Utilities	24.3	−1.3	1.4
Wholesale Trade	11.7	18.2	13.1
Retail Trade	16.5	6.1	9.2
Finance, Insurance, Real Estate	4.6	19.2	5.3
Service Industries	35.0	19.0	15.8
Total	11.0	14.5	10.3

(1) 1965 preliminary estimates by Department of Finance.

(2) Expressed as annual compound rate of increase.

CHART 14


CORPORATION PROFITS
1961 — 1965
Quarterly Data Seasonally Adjusted
TOTAL PROFITS
Millions
All Industries
Manufacturing
Finance, Insurance and Real Estate
MANUFACTURING SECTOR
SELECTED INDUSTRIES
Metal Industries
Total
Food and Beverages
Paper and Allied Industries
Textiles, Knitting Mills and Clothing
COMMERCIAL SERVICES
SELECTED INDUSTRIES
Transportation, Storage and Communication
Wholesale Trade
Service Industries
1961
1962
1963
1964
1965

Comparing both 1964 and 1965 to the trends established over the 1961 to 1965 period, it may be seen that the 1964 annual gain was greater than the trend rate in the majority of industries. In 1965, partly because of the sharp 1964 gain, the annual increase tended to be rather less than the trend, although there were some marked exceptions. At the same time, wage costs in many industries rose more rapidly than productivity, and the margin of profits was lowered in those industries subject to a greater degree of competitive price pressure at home or abroad. By contrast, some industries (for example, the foods and beverages processing industries) managed to sustain their rate of improvement in profits. In other industries, the conflict between rising costs on the one hand and the degree of freedom to adjust selling prices on the other had varying results. In retail trade, the buoyancy of consumer demand for all kinds of goods permitted upward price adjustments sufficient to offset cost increases. A similar situation was observed in the construction sector, where tender prices were reported as substantially higher in many parts of the country.

Production Costs

In the business sector as a whole, excluding agriculture and the non-commercial services, profits per unit of output are estimated to have risen by about 4.0 per cent in 1965. This was below the increase recorded in 1964, when profits per unit of output rose by 6.2 per cent from the 1963 rate. In manufacturing, corporation profits per unit of output appear to have continued their declining trend, as Table 22 indicates. This table also shows a sharp increase, amounting to over 2 per cent for the year as a whole, in labour costs per unit of output in the manufacturing sector, while labour costs per unit of output in the entire non-agricultural economy, including the government and non-commercial services sector, rose by over 4 per cent.

TABLE 22

PER CENT CHANGE IN UNIT LABOUR COSTS AND PROFITS

—	1962/1961	1963/1962	1964/1963	1965[1]/1964
Labour cost per unit of non-farm output	1.1	1.7	1.6	4.2
Corporation profits per unit of business sector output	3.6	1.5	6.2	4.0
Wage and salary costs per unit of manufacturing output	−0.3	0.6	0.6	2.3
Corporation profits per unit of manufacturing output	6.9	4.0	0.4	−0.3

[1] 1965 preliminary estimates by Department of Finance.

The relatively favourable performance of the manufacturing sector compared to the total economy is due in part to the behaviour of unit labour costs in the construction and service industries in 1965. The lesser opportunities for productivity improvement in the service industries in conditions of generally rising hourly earnings raised aggregate unit wage costs accordingly, and unit labour costs were higher also in construction. However, the role of the manufacturing industries in Canada's international competitive position is important. This is true, whether it refers to industries competing in export markets or to industries supplying the domestic market which face import competition. In the United States, which is both Canada's largest market and her greatest competitor for most internationally-traded goods, labour costs per unit of output in manufacturing have been declining or stable.

CHART 15

WAGE COSTS PER UNIT OF OUTPUT 1949 TO 1965

(1949 = 100)

BY MAJOR INDUSTRIAL GROUPINGS

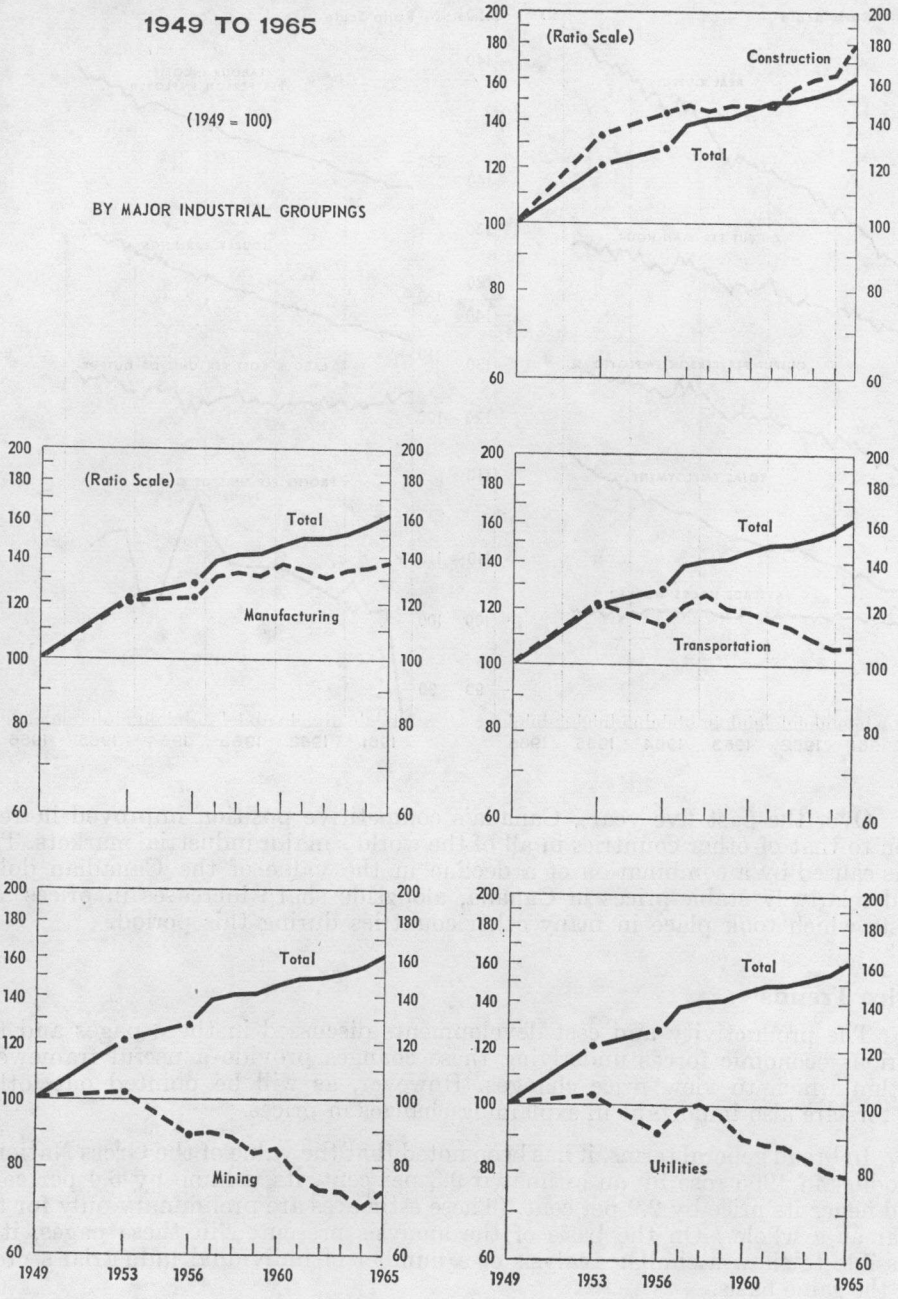
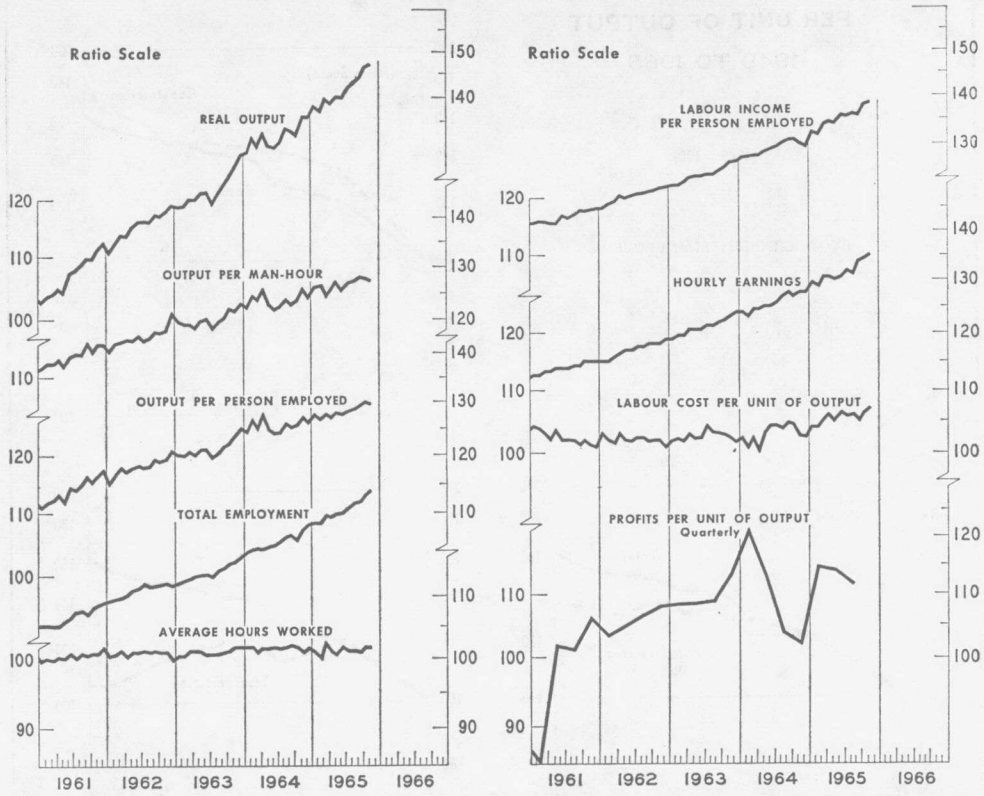


CHART 16

PRODUCTIVITY, LABOUR COSTS AND PROFITS IN MANUFACTURING

Monthly - Index 1957=100



Over the past five years, Canada's competitive position improved in relation to that of other countries in all of the world's major industrial markets. This was caused by a combination of a decline in the value of the Canadian dollar and relatively stable prices in Canada, alongside sharp increases in prices and costs which took place in many other countries during this period.

Price Trends

The productivity and cost developments discussed in these pages and the various economic forces underlying these changes provide a useful framework within which to view price changes. However, as will be pointed out, other factors are also important in explaining changes in prices.

In broad general terms, it has been noted that the value of the Gross National Product in 1965 rose by an estimated 9.3 per cent, its volume by 6.4 per cent, and hence its price by 2.9 per cent. (These estimates are preliminary only for the year as a whole.) On the basis of the analysis presented in these pages, it is possible to show a similar analysis of a number of individual industrial sectors on the same basis.

The value of the total product on an industry basis is the sum of the payments to the factors of production (e.g., wages, rent, interest and profits) directly employed by each industry. The volume of output represents the real amount of production on an industry basis and is analogous to constant dollar GNP[1]. The ratio of the value over the volume of output by industry is an indicator of "price" or "cost" changes by industry. Such "prices" are not real in the sense that they are quoted on commodity exchanges. However, they have a real economic sense in that they reflect the relationship between the dollar costs of adding value to goods and services through the use of productive factors and the efficiency with which these factors of production are employed.

Any individual industry has selling prices which are influenced by the costs of production in that industry as well as by the costs of materials and services purchased from other industries. Since we are concerned with the "prices" of value added in particular industries, the prices of purchases from other industries must be removed[2]. The difference between gross sales and gross purchases, called value added, consists of returns to labour and capital. In turn, the wage bill can be subdivided into the number of employees and their average earnings, (or manhours and wage rates). Similarly, the non-wage incomes, such as profits and unincorporated net income, can be subdivided into the capital stock and the rate of return on that stock. The wage rate may be seen as the "price" of labour and the rate of return as the "price" of capital. Similarly, the volume of production may be seen as the quantity of labour and capital input times their productivity. Accordingly, the total "price" charged by each industry can be seen to consist of labour and capital costs, or simply unit costs of the factors of production. Obviously, productivity gains reduce such costs.

Table 23 indicates that annual average increases in the value, volume and "price" components of business product over the whole postwar period amounted to 7.4 per cent, 4.8 per cent and 2.5 per cent respectively. In the business expansion from 1961 to date, there was much less price pressure than previously, since business product prices increased by only $1\frac{1}{2}$ per cent per year. There was, however, a renewal of price increases in 1965 of the same order of magnitude as those of the postwar average, amounting to about $2\frac{1}{2}$ per cent in that year.

Earlier comments on the components of the National Accounts deflators point out that some of these components, by convention, do not allow for changes in productivity, and hence do not accurately reflect cost developments in the economy as a whole. The removal of these elements of price from GNP results in a more accurate portrayal of the effects of demand and supply pressures on real resources in the business area. As already observed, the price increase in business product was about $2\frac{1}{2}$ per cent and the volume increase was about $6\frac{1}{2}$ per cent in 1965.

An examination of the industrial breakdown of business product over the whole postwar period (Column 1 in Table 23) indicates lower than average price increases for mining, manufacturing (particularly durables), transportation and communication and electric power, gas and water utilities. These are high capital intensity industries. They have also had the highest productivity gains in the postwar period. Wage rate increases granted in these industries were apparently

---

[1]See "Indexes of Real Domestic Product by Industry of Origin", DBS Catalogue No. 61-505.

[2]In effect, the "price" of value added in an industry may be represented as follows:

$$\text{"Price" of value added by industry} = \frac{\text{Current value of sales}}{\text{Constant value of sales}} - \frac{\text{Current value of purchases}}{\text{Constant value of purchases}}$$

$$= \text{selling price} - \text{buying price}$$

TABLE 23

VALUE, VOLUME AND PRICE COMPONENTS OF GDP BY INDUSTRY[1]

(Per cent changes per year)

	1949 to 1965	1961 to 1965	1964 to 1965
Forestry			
Value	3.6	5.8	2.4
Volume	3.1	5.6	2.2
Price	0.5	0.2	0.2
Mining			
Value	8.1	7.1	11.2
Volume	8.1	6.7	6.0
Price	—	0.4	4.9
Manufacturing			
Value	6.5	8.5	8.7
Volume	4.5	7.1	7.0
Price	1.9	1.3	1.6
Construction			
Value	7.9	10.0	18.8
Volume	4.8	5.9	11.2
Price	2.9	3.9	6.9
Transportation, storage and communication			
Value	7.3	6.5	7.3
Volume	5.1	6.7	6.5
Price	2.0	−0.2	0.7
Electric power, gas and water utilities			
Value	9.6	6.6	9.9
Volume	7.8	7.7	8.3
Price	1.7	−1.0	1.5
Trade			
Value	6.7	7.3	9.5
Volume	4.3	5.4	6.3
Price	2.4	1.7	3.0
Finance, insurance and real estate			
Value	9.1	7.1	7.3
Volume	4.8	4.7	4.1
Price	4.1	2.2	3.1
Other commercial industries[2]			
Value	9.0	8.7	7.8
Volume	3.3	5.9	3.4
Price	5.5	2.5	4.2
TOTAL, BUSINESS PRODUCT			
Value	7.4	7.7	8.8
Volume	4.8	6.3	6.4
Price	2.5	1.4	2.2
Agriculture			
Value	2.4	10.1	9.0
Volume	2.5	6.4	6.0
Price	—	3.5	2.8
Public admin., defence and community services[3]			
Value	—	—	—
Volume	4.2	1.0	2.2
Price	—	—	—
TOTAL DOMESTIC PRODUCT			
Value	7.2	7.8	8.8
Volume	4.5	5.8	6.1
Price	2.5	1.9	2.6

[1] Gross Domestic Product is equal to GNP plus net outpayments of interest and dividends minus indirect taxes less subsidies.

[2] Includes recreation, personal and business services.

[3] Includes schools, hospitals and health services, religious and other community services.

SOURCE: DBS *National Accounts*, annual issues, Table 21 and DBS *Indexes of Real Domestic Product by Industry of Origin* (Cat. No. 61-505 and 61-005). Value Estimate for 1965 made by Department of Finance.

absorbed by rising productivity, with consequent reduction of the upward pressure on prices. These long term trends toward greater productivity and lower-than-average price increases have by and large continued through the current expansion. Mining recorded substantial increases in price in 1965; this was probably due to conditions in external markets for mineral products.

In contrast to the relatively low price trend in terms of value added in the above group of industries, the construction, trade, and broad service groups had greater than average price increases throughout the postwar period, and again in 1965.

The construction industry, according to these measures, increased its value of output by 8 per cent per year over the whole period, representing a volume increase of 5 per cent and a price increase of 3 per cent per year. In the current expansion, from 1961 to date, the available measures show that construction value, volume and price increased by 10 per cent, 6 per cent and 4 per cent respectively. These increases accelerated in 1965, as shown in the last column of Table 23. It should, however, be noted that there are some serious difficulties of price measurement in this industry.

Price increases in the value added by wholesale and retail trade over the whole postwar period amounted to 2.4 per cent per year. They amounted to 1.7 per cent in the period 1961 to 1965, but rose to 3.0 per cent in 1965. The volume of output in trade was similar to that of total business product.

In finance, insurance, real estate and other commercial services, increases in the price of value added were above average throughout the postwar period, but statistical difficulties prohibit any real inference to be drawn from this type of measurement. The financial and commercial industries round out the industrial coverage of business product, in which they have 25 per cent of the total weight. Any inaccuracy in the measurement of the price of value added in these industries would have a corresponding effect on the price component of total business product.

Summarizing the evidence, it may be said that the goods-producing industries, plus transportation and electric power, gas and water utilities, have generally contributed much less to overall cost increase in the postwar period and in the most recent expansion, than have the distributive trades and financial and commercial services. There are difficulties of price measurement in the latter areas, and in the construction industry. Nevertheless, it is in these areas that the increases in 1965 in the price of value added appear to be most prominent.

Turning to more commonly used price indexes (for example, the consumer price index and the general wholesale price index), it is worthwhile noting that each index is designed for specific purposes, and its use as a general, overall indicator of economic trends may be subject to limitations. Thus, the Consumer Price Index cannot be regarded as a sensitive indicator of cyclical cost developments, although consumer prices reflect, sooner or later, the cost developments discussed in these pages. The Consumer Price Index is primarily intended to serve as a measure of changes in the prices of consumer goods and services, including those purchased from abroad. In conjunction with data on earnings, it can be used to derive an approximation to real wages. In this connection, the following table is of interest, since it draws attention to the general importance of productivity improvement in raising real wages over time.

The Budget—Appendix

REAL EARNINGS AND PRODUCTIVITY, BUSINESS SECTOR

—	Per cent change over preceding year			
	Average Compensation Paid Per Hour[1]	Consumer Price Index	"Real" Hourly Earnings	Manhour Productivity
1961	6.1	0.9	5.2	4.2
1962	2.5	1.2	1.3	1.6
1963	4.4	1.8	2.6	3.0
1964	3.6	1.8	1.8	2.6
1965	5.8	2.4	3.4	1.8
5-year average	4.5	1.6	2.9	2.7

[1]Total compensation paid divided by total hours worked. Includes effects of changes in rates, overtime and inter-industry and occupational shifts.

Details of the changes in the Consumer Price Index are set out in Table 8. In 1965, the effect of severe drought, not only in some parts of Canada but throughout most of the eastern United States, was sufficient to raise the price of some staple food products, particularly potatoes, very sharply. While improved conditions during the summer permitted these prices to decline, new pressure arose as a general shortage of meat supplies developed in the United States Strong prices in cattle and meat markets therefore emerged in the United States, and this in turn forced Canadian prices to rise as Canadian producers sought their most advantageous returns.

Rising standards of living also have had their impact on the Consumer Price Index. Larger numbers of cars on the roads, and the growing preference for bigger and more expensive models, have resulted not only in more insurance claims, but also in larger claims. Accordingly, there have been increases in car insurance rates which caused the index to rise in 1965. Higher standards of public service have also been associated with higher property taxes and higher sales taxes in many areas, as modern living calls for continuing improvement in highways, schools, hospital care and social services generally. While much of this represents higher standards of consumption, a great deal of it is reflected in the record in the form of higher prices to consumers.

A second common measure of price changes in the Canadian economy (and one which excludes changes in the cost of imports) is the price index ("deflator") used in constructing the National Accounts constant-dollar tables. This measure, which rose by about 3 per cent in 1965, reflects not only the changes in prices but also the changes in the pattern of purchases. The greater relative importance of construction in the 1965 expenditure pattern therefore affected the movement of the total index fairly strongly, insofar as the index for construction outlays rose rather more than the index for some other forms of expenditure. Movements in the GNE "deflators" are set out in detail in Table 24.

23033—220

TABLE 24

IMPLICIT PRICE INDEXES

SEASONALLY ADJUSTED GROSS NATIONAL EXPENDITURE AND COMPONENTS

(1957=100)

	Personal Expenditure on Consumer Goods and Services	Non-Durable Goods	Durable Goods	Services	Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation	New Residential Construction	New Non-Residential Construction	New Machinery and Equipment	Exports of Goods and Services	Imports of Goods and Services	Gross National Expenditure
1962 1Q...	106.7	104.4	100.8	111.4	112.2	110.0	111.6	109.2	110.0	105.7	108.2	107.6
2Q...	107.1	105.0	100.7	112.2	112.9	110.9	112.5	110.0	110.9	106.5	109.4	108.1
3Q...	107.4	105.2	100.9	112.6	114.0	111.4	113.3	109.8	111.7	107.1	109.7	108.7
4Q...	107.9	106.0	100.9	112.8	114.8	112.0	114.1	110.9	112.0	106.9	110.1	109.2
Year	107.3	105.2	100.8	112.3	113.5	111.1	112.9	110.0	111.2	106.6	109.3	108.4
1963 1Q...	108.2	106.2	101.3	113.2	116.5	112.7	114.7	111.9	112.5	107.3	111.1	109.6
2Q...	108.6	106.6	101.1	114.0	117.6	113.4	115.8	112.2	113.2	107.4	111.6	110.1
3Q...	109.2	107.3	101.5	114.2	118.4	114.5	117.0	113.2	114.3	107.7	113.3	110.4
4Q...	109.4	107.8	100.9	114.5	119.7	115.3	119.6	114.0	114.3	108.9	113.6	111.1
Year	108.9	107.0	101.2	114.0	118.1	114.0	116.8	112.9	113.6	107.8	112.5	110.3
1964 1Q...	109.9	108.3	100.7	115.4	119.9	116.4	121.2	114.5	115.4	109.5	114.4	111.6
2Q...	110.4	108.7	100.5	116.0	120.5	118.1	122.9	115.5	118.0	109.9	115.0	112.3
3Q...	110.7	109.2	99.8	116.9	122.1	118.5	124.5	116.3	117.6	111.2	114.3	113.3
4Q...	111.0	109.1	99.6	117.5	122.4	119.5	125.8	117.7	117.9	110.6	113.7	113.8
Year	110.5	108.8	100.1	116.5	121.2	118.1	123.5	116.0	117.2	110.3	114.4	112.8
1965 1Q...	111.4	109.3	99.9	118.4	123.7	121.9	127.4	120.1	120.8	110.1	114.4	114.4
2Q...	112.3	110.6	100.2	119.1	125.2	123.5	129.5	122.7	121.3	110.8	114.2	115.7
3Q...	112.7	110.9	99.9	120.2	126.1	123.9	129.8	123.7	121.4	112.2	114.5	116.6
4Q...												

SOURCE: DBS

The Gross National Expenditure price index reflects a number of other special factors apart from the change in composition of expenditure. In particular, it includes the influence of indirect taxes; this was again a factor in 1965, as the prices of construction materials and machinery went up following the removal of the final part of their exemption from sales tax on January 1. It also is affected by the growing emphasis on government and community services in the consumption pattern, as these are activities in which wage increases are reflected immediately in the price measurement. As noted earlier, this reflects the convention of not measuring productivity changes for these services. Higher export prices have also been a feature of the GNE deflators in 1965, as some world commodity prices have been higher.

The Industry Selling Price Indexes, referred to briefly in the introductory section of this review, are a helpful indicator of cyclical and cost developments. These indexes report price changes excluding tax changes, and are also designed to exclude such factors as insurance or freight costs incurred in transporting merchandise from the factory to the customer. They cover a large part of the manufacturing sector, but are not comprehensive.

A selection of industry selling price indexes was shown in Table 7 and their recent movement was illustrated in Chart 3. The effect both of special factors and of some advancing cost pressures can be seen in this table, with the meat shortage having a particularly powerful impact on the meat packing industry. The cyclical trend in steel ingot prices in this table is shown by the downward movement into 1963, and the reversal in 1964 and 1965. Construction demand affected the 1965 movement of cement prices and sash, door and planing mills, while the downward movement of motor vehicle prices is also apparent.

It may be observed that many of the well-known wholesale price indexes are of value as an indication of costs of materials to users in certain sectors. In particular, the residential and non-residential building materials indexes are of help in revealing the trend in prices builders must pay for their materials. In 1965, the residential materials index (1949 = 100) rose from 149.5 in January to 151.3 in November, and the non-residential index rose from 145.5 to 148.5. These changes provide additional evidence that the rise in construction costs in 1965 was associated more with higher labour costs (including sub-trades costs) than with higher materials prices.

DEMAND

Public and Private Investment

The current investment expansion in both public and private sectors accounted for one-third of the total increase in demand strengths in the past year. Total public and private investment expenditures rose by about $1,850 million, while total demand from all other sectors combined—consumers, governments with respect to their current outlays, exports and change in inventories—amounted to some $3,800 million. A considerable part of the investment expansion, particularly that which took the form of machinery and equipment, was met by importing such items from abroad. However, there remained a substantial portion of the total investment programme which competed for domestic supplies of labour and materials, and which had important but less direct effects (multiplier effects) in adding to incomes and expenditures in the other parts of the Canadian economy.

This was the second successive year of rapid expansion in total public and private investment. The rates of increase amounted to over 15 per cent per year in both 1964 and 1965, exceeding the increases of about 9 per cent per year recorded in gross national expenditure in each of those two years. Thus, the share of investment in total expenditure increased in both years, to reach a level, in current prices, not far short of the two previous peaks, in 1957 and 1929. In contrast to the 1955–57 investment expansion, which was concentrated on electric power, oil and gas and other primary resource industries, the present expansion is notable for relatively greater emphasis on manufacturing, commercial and institutional construction (schools and hospitals) and service industries in general. Within manufacturing, resource-related industries such as paper products and primary metals continued to account for a large part of the new investments, but secondary products such as textiles, chemicals and transportation equipment played a much more prominent role. New manufacturing plant and equipment expenditures increased over 20 per cent in both years, and amounted to nearly one-fifth of total public and private capital expenditure. By 1965 they exceeded their 1957 percentage share in total investment.

Trade, finance and commercial services increased their investment outlays by approximately 20 per cent in both years, and were an important contributor to the overall investment increase in 1965. This present expansion thus appears to be related to continued urbanization and the development of secondary processing and services industries, to a much greater extent than previously. Further industrial detail is given in Table 25.

TABLE 25

PUBLIC AND PRIVATE CAPITAL EXPENDITURE

—	1961	1962	1963	1964	1965	1966
	(Millions of dollars)					
Agriculture and fishing	576	663	762	836	928	975
Forestry	50	54	60	88	102	102
Mining, quarrying and oil wells	449	480	521	632	687	936
Manufacturing	1,085	1,269	1,358	1,831	2,238	2,696
Electric power, gas and water works	706	720	763	888	1,129	1,282
Transportation, storage and communications	992	881	1,008	1,171	1,289	1,381
Construction industry	136	109	135	197	235	248
Trade, finance and commercial services	847	860	918	1,042	1,218	1,464
Institutions	617	834	873	771	1,009	1,261
Housing	1,467	1,587	1,713	2,028	2,133	2,216
Government departments	1,247	1,258	1,282	1,460	1,830	1,985
Total Capital Expenditure	**8,172**	**8,715**	**9,393**	**10,944**	**12,798**	**14,546**
Total Capital Expenditure as a percentage of Gross National Expenditure	21.8	21.5	21.8	23.3	24.9	
Index of total Capital Expenditure in constant dollars (1957=100)	89.5	93.1	97.0	108.7	121.0	

SOURCE: DBS and Department of Trade and Commerce.

Housing and social capital outlays in 1965 were also large, and were of course associated in some degree with this business investment activity. However, social capital expenditures are also directly related to the population developments discussed in the Economic Review of 1964. The construction of primary schools, then high schools, now universities, has accompanied the postwar population surge throughout its various stages. In addition, there have been rapid

urban expansions involving all of the needs of local supply, such as water, electricity, sanitation, road and highway construction and the building and equipping of hospitals and many other municipal facilities.

TABLE 26

RECONCILIATION WITH NATIONAL ACCOUNTS INVESTMENT

—	1961	1962	1963	1964	1965	1966
	(Millions of dollars)					
Private and Public Capital Expenditure, Table 25...	8,172	8,715	9,393	10,944	12,798	14,546
Deduct:						
New residential construction by governments...	9	10	6	7	9	8
New non-residential construction by governments	1,368	1,562	1,609	1,618	2,113	2,379
New machinery and equipment outlays by governments.....	160	183	187	216	252	294
Business Gross Fixed Capital Formation in Housing, Plant and Equipment—National Accounts definition.....	6,635	6,960	7,591	9,103	10,424	11,865

These developments are reflected in the following table, which shows that business investment accounted for an increase of $1,100 million, social capital an increase of $650 million, and housing an increase of $100 million, in the year 1965. The classification below is according to that used in Public and Private Investment, rather than that of the National Accounts.

MAIN COMPONENTS OF INVESTMENT DEMAND

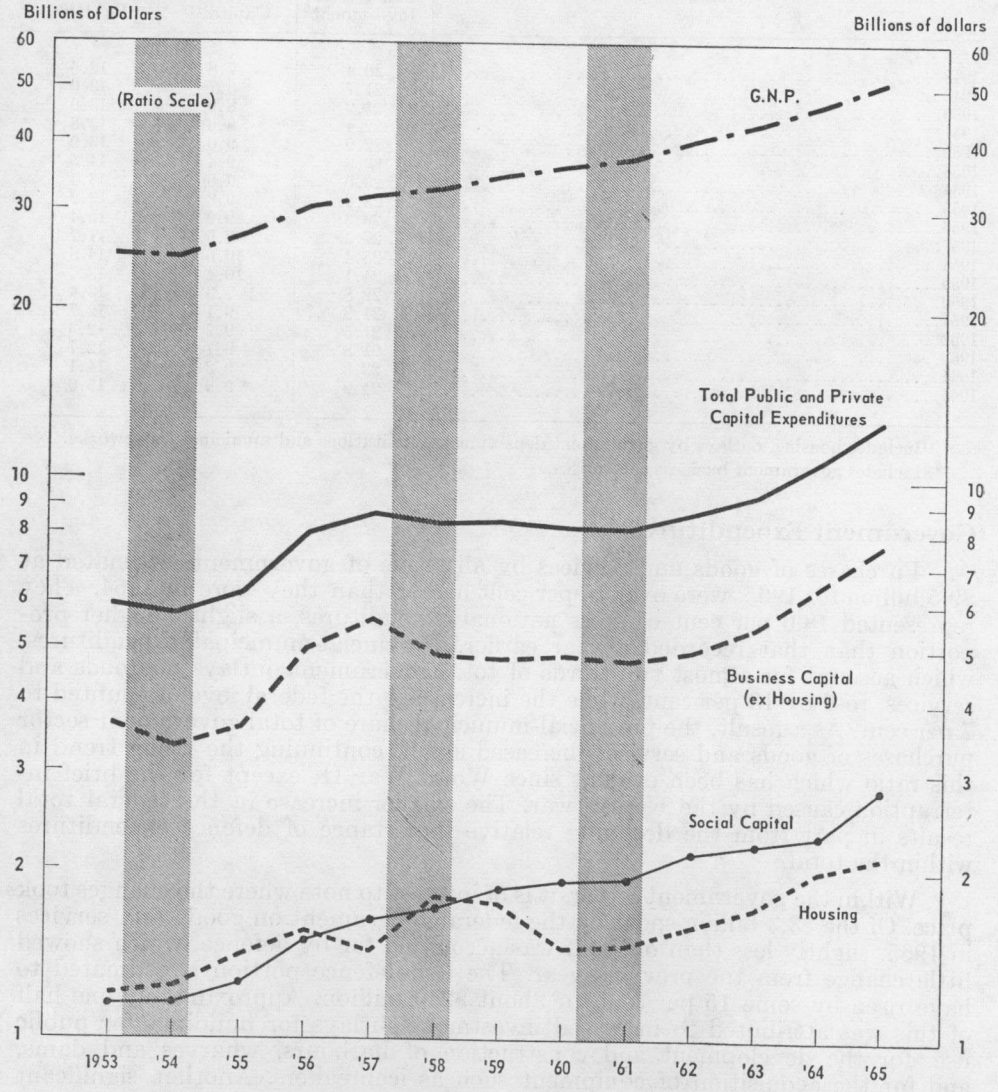
($ million)

	1964	1965	Increase from 1964 to 1965
Business capital.....	6,617	7,719	1,102
Housing.....	2,028	2,133	105
Social capital.....	2,299	2,946	647
Total Public and Private.....	10,944	12,798	1,854

These main components of public and private investment are compared with Gross National Product in Chart 17. Here it can be seen that business capital has traditionally fluctuated much more than Gross National Product, while social capital outlays have followed a steadier course, except in the past year. Housing expenditures have shown a variety of movements. However, the chart suggests that, in the past, they have frequently changed direction in advance of general business conditions, turning downward a year in advance of the general business peaks and moving up from their cyclically lowest points well

CHART 17

PUBLIC AND PRIVATE CAPITAL EXPENDITURES AND GROSS NATIONAL PRODUCT 1953 TO 1965



before the general business troughs are reached. Over the past ten years, expenditures on social capital appear to have been advancing much more rapidly than housing outlays, and may also have exceeded the rate of growth of business capital, although the large fluctuations make it difficult to pick terminal years or to fit trends for such a comparison.

TABLE 27

INVESTMENT AS A PERCENTAGE OF GROSS NATIONAL EXPENDITURE
1948 to 1965

—	Total Private and Public Investment	Housing and Social Capital(1)	Business Investment Private and Public(2)
1948	20.4	7.8	12.6
1949	21.7	8.7	13.0
1950	21.9	8.9	13.0
1951	22.4	8.6	13.8
1952	22.9	9.0	13.9
1953	23.9	9.4	14.5
1954	23.0	9.6	13.4
1955	23.0	9.8	13.2
1956	26.3	9.9	16.4
1957	27.3	9.6	17.7
1958	25.4	10.6	14.8
1959	24.1	10.4	13.7
1960	22.8	9.3	13.4
1961	21.8	9.1	12.7
1962	21.5	9.2	12.3
1963	21.8	9.1	12.7
1964	23.3	9.2	14.1
1965	24.9	9.9	15.0

(1)Includes housing, outlays by government departments, institutions and municipal waterworks.
(2)Includes government business enterprises.

Government Expenditures

Purchases of goods and services by all levels of government, estimated at $9.5 billion for 1965, were over 10 per cent higher than they were in 1964. They represented 18.6 per cent of gross national expenditures, a slightly higher proportion than that recorded a year earlier. Provincial-municipal expenditures, which account for almost two-thirds of total government outlays on goods and services, rose by 13 per cent, while the increase at the federal level amounted to 7 per cent. As a result, the provincial-municipal share of total government sector purchases of goods and services increased again, continuing the rising trend in this ratio which has been evident since World War II, except for the brief interruption caused by the Korean war. The smaller increase in the federal total results in part from the declining relative importance of defence expenditures within the total.

Within the government sector, it is of interest to note where the changes took place. Of the $3.3 billion spent by the federal government on goods and services in 1965, slightly less than one-half was accounted for by defence, which showed little change from the previous year. The non-defence portion is estimated to have risen by some 15 per cent, or about $240 million. Approximately one half of this was attributed to increased investment outlays for buildings for public use, for the development and construction of harbours, wharves and dams, and for the acquisition of equipment such as icebreakers. Another significant increase, amounting to almost a quarter of the total non-defence advance in expenditures at the federal level, resulted from increased labour costs, including those retroactive payments to a large number of government employees which were paid in September. Much of the balance can be explained by lower net liquidation of inventories held by government commodity agencies, and by increased payments for international aid.

The provincial and municipal governments, taken together, increased their demand for goods and services by over $700 million, to a level of $6.3 billion in 1965. One-half of this 1965 gain occurred at the provincial level, although in the aggregate provinces account for a little more than a third of overall provincial-municipal spending on goods and services. A substantial part of the increase in spending by departments of provincial governments was for construction, primarily of roads, bridges and highways. The balance of the provincial increase can be attributed to higher wage and salary payments, which rose by about 10 per cent over the year.

Labour costs account also for the major part of the increase at the municipal level. This is especially the case in the field of education, where salaries and wages have shown annual increments of about 10 per cent for several years, reflecting not only rising standards and rising salary levels, but also the continued increase necessary in staff and facilities as the number of young people in schools and training establishments continues to increase.

Personal Expenditure

Consumer expenditure remained an important sustaining force in 1965, rising by over 7 per cent and accounting for about two-fifths of the rise in total demand. Personal expenditures on durables in the first nine months of the year were just over 8 per cent above the level recorded during the same months of 1964. These purchases were strongly concentrated in new and used cars, and spending on home furnishings was also higher. This 8 per cent rate of increase was in keeping with the long-term rate for the period 1949 to 1965, and was below the rates of increase which occurred in both 1963 and 1964.

Purchases of non-durable goods in 1965 rose by just under 7 per cent. This movement reflected not only a larger volume of purchases, but also the sharp increase in the price of some food products during the course of the year. Purchases of services by consumers also rose substantially, and here again a significant rise in some prices contributed measurably to the overall increase. Table 28 compares the various growth rates, in both current and constant dollars, of the components of consumer expenditure in the postwar period.

TABLE 28

COMPONENTS OF PERSONAL EXPENDITURE

ANNUAL GROWTH RATES

Per cent

	1949 to 1965		1961 to 1965		1964 to 1965	
	$ current	$ constant	$ current	$ constant	$ current	$ constant
Non-durables	5.5	4.0	5.6	4.1	6.8	5.2
Durables	7.9	7.0	9.3	9.6	8.1	8.7
Services	8.4	4.6	6.4	4.3	7.7	4.9
Total	6.8	4.6	6.4	4.8	7.3	5.6

The aggregate increase in personal expenditure in 1965 reflected both the increase in employment and incomes and also the changing age-structure of the population. The sharp rise in the number of young people earning money was an

important factor. Purchases of used cars, clothing, some foods and beverages and many kinds of personal consumer services all increased substantially, in part as young people entered the market for consumer goods and services. On a per capita basis, consumer expenditures in constant dollars rose by about 3.0 per cent per year between 1961 and 1965, but the rate of advance in 1965 alone was in the region of 3.7 per cent.

It is of interest to compare the growth pattern in consumer expenditures over recent years and over the longer term, as they are set out in Table 28. While personal consumption patterns are, of course, influenced strongly by relative price movements, the constant-dollar trend comparisons over the longer term give some insight into the changing economic structure (as it is reflected in final consumption patterns) and changing standards of living in Canada. The period from 1949 to 1965 shows an annual rise in total consumption of 4.6 per cent. Population during this period has risen by 2.4 per cent per year, so that real consumption has risen by more than 2 per cent per year. As the table shows, purchases of durables of all kinds—cars, furniture and home appliances—have shown the most rapid rate of growth, while purchases of services has risen at about the same rate as total purchases. In many ways, these trends have reflected the rapid modernization, the growth of the cities and the move to the suburbs which characterized these years. The rise in expenditures on non-durable items, although lower than the others, is still above the rate of growth of population, indicating that living standards have been rising even apart from the urbanization developments.

The constant-dollar increases of 1965 were above the trends established both for the longer term and for the more recent 1961 to 1965 period, and were related to the high levels of employment and income.

Exports of Goods and Services

In 1965, the rise of 10.0 per cent in the value of non-farm merchandise exports more than matched the increase of 9.2 per cent in non-farm GNP at market prices. Largely as a result of the phasing of wheat shipments under special contracts, farm exports were lower than in 1964, bringing the growth in total merchandise exports down to 5.6 per cent. The position regarding wheat in 1965 is typical of a number of special factors which can, and do, affect the level of Canadian exports from time to time; apart from these, there also appears to have been some slowing-down in 1965 in the very high rate of growth of exports which had prevailed since 1962.

An important question for the Canadian economy is the extent to which this slowing-down was accounted for by less buoyant conditions in Canada's foreign markets in 1965, or by any change in the Canadian share in those markets. By far the greater part of the overall rise in Canadian exports in 1965 was accounted for by a 13.4 per cent increase in sales to the United States, which was about the same as the rise in U.S. merchandise imports from all sources. Although total United Kingdom imports rose a little in 1965, Canadian exports to Britain fell slightly, despite the fact that the weight of foodstuffs and industrial raw materials in those exports makes it unlikely that the impact of the emergency U.K. surcharge upon them was greater than the average for all U.K. imports. It is probable, however, that U.K. industry was running down its inventories of those raw materials which figure so prominently in Canadian exports, in response to fiscal and monetary measures other than the surcharge taken by the United Kingdom to deal with its balance of payments problem. In the case of the United States,

two major elements in the growth of U.S. imports in 1965 were coffee and steel; Canadian capacity in the one case, needless to say, is non-existent and in the other was heavily committed in 1965 to meeting domestic Canadian demand.

The case of exports to the rest of the world in 1965 is rather different. It may seem a little paradoxical that a year which saw the signing of a second very large contract to sell wheat to the Soviet Union, and of another with China which only the sale to Russia surpasses, should have seen an actual fall of $100 million in total exports to countries other than the United States and the United Kingdom. The drop as such was entirely accounted for by the phasing of the wheat shipments; that is to say, by the fact that about $300 million-worth was shipped

TABLE 29

CANADIAN COMMODITY EXPORTS
1964 and 1965

(Domestic and re-export, millions of dollars)

	1964	1965	% Change
To: United States	4,437.0	5,030.9	+13.4
United Kingdom	1,207.1	1,185.4	− 1.8
Other Commonwealth and Preferential	503.4	512.7	+ 1.8
All other countries	2,156.1	2,035.5	− 5.6
Total	8,303.5	8,764.5	+ 5.6

SOURCE: DBS

in 1964 under the first contract with the Soviet Union, but only about $200 million-worth in 1965 under the second contract. The larger part of the second contract, and the beginning of shipments under the new contract with China, fall in 1966. Although the drop is explicable in terms of wheat, non-farm exports to countries other than the United States and the United Kingdom nevertheless showed no significant rise, remaining on the plateau reached in 1964. The Communist countries are negligible markets for the Canadian minerals, chemicals and manufactured goods concerned, and the less developed countries take comparatively modest quantities; Canada evidently succeeded in maintaining sales at about their 1964 level in the markets of Western Europe and Japan. The growth of demand in some of these countries was affected by stabilization measures designed to reduce inflationary pressures or improve the balance of payments. Some of these measures may have had a significant effect on the inventories of commodities which Canada normally exports to these countries.

While Canadian exports to overseas markets did not show much change, the rise in Canadian sales below the border was substantial. Under the stimulus of the new Automotive Free Trade Agreement with the United States, total Canadian exports of automobiles and parts increased by no less than 90 per cent, and this in the first year of the Agreement, during which the rationalization and enlargement of production runs at which it is aimed can only have begun to get under way. (It should be added that imports rose by only a quarter, although by an absolutely greater value.) Offsetting this striking growth to some extent was a rather lower total of exports of aircraft and parts, under production-sharing arrangements, than in the exceptional year 1964, when they rose by 130 per cent.

The Budget—Appendix

Increases in 1965 in exports of the crude and semi-processed materials which account for the majority of Canadian non-farm exports tended to range fairly narrowly about the global average of 5½ per cent. Two exceptions to this were soft-wood lumber, exports of which increased by 1.0 per cent, and aluminum and its alloys, which recorded an export gain of 12.4 per cent.

The breakdown of Canadian merchandise exports by major commodity groups in Table 29 is presented for 1965 in terms of the twelve-month period ending on September 30. Data for the calendar year are not yet available, but the period shown has in any case the advantage of eliminating most of the effect of both the first and second major wheat contracts with the Soviet Union and thus representing fairly accurately the change which has taken place in the basic composition of Canadian export trade since 1961. For two or three years to come, at least, major special wheat sales are likely to raise the share of total exports accounted for by farm and fish products above 20 per cent again; and the development of potash exports should progressively raise both the share accounted for

TABLE 30

MERCHANDISE EXPORTS BY COMMODITY GROUPS

1961 and 1965

—	Farm and Fish Products	Forest Products	Metals and Minerals	Chemicals and Fertilizers	Other Manufactured and Miscellaneous	Re-Exports	Total
1961 million dollars	1,301	1,623	1,861	251	719	140	5,896
% of total	22.1	27.5	31.6	4.3	12.2	2.4	100.0
1965 million dollars	1,542	2,071	2,623	324	1,589	229	8,378
% of total (year ending Sept. 30)	18.4	24.7	31.3	3.9	19.0	2.7	100.0
% Increase 1965 over 1961	18.5	27.6	40.9	29.1	121.0	63.6	42.1

by chemicals and fertilizers, and the comparatively lower rate of growth in such exports. But the general pattern has become quite clearly established, with growth in exports of manufactured goods some three times as high as that for the next most dynamic sector of domestic exports, metals and minerals. Growth in entrepôt trade has also been well above the average, but involves comparatively small values.

Exports of services (to which, by statistical convention, a proportion of domestic production of gold and the receipt of interest and dividends on Canadian investments abroad are attributed), rose by 8.0 per cent between 1964 and 1965. Although gold production has been declining slowly for a number of years, there were increases in receipts on all other non-merchandise accounts, and particularly in the cases of travel and inheritances and migrants' funds. In total, however, such receipts are heavily outweighed by corresponding payments for imports of services, and are best considered in terms of the net payments which result, as in the later section dealing with the balance of payments as such.

Changes in Inventories

Changes in business inventories usually accompany large swings in fixed investment, accentuating both expansions and contractions, although with somewhat different timing. Minor business cycles have frequently been identified with

inventory changes, which have on such occasions shown the largest swings in demand. In the present substantial and protracted expansion, however, fixed investment has become the driving force, and inventories have played a much lesser role.

In the past year, the increases in retail and wholesale sales appear to have drained off the additional supplies of goods as soon as they were produced, and producers have not accumulated large stocks. This was especially the case with automobiles, sales of which have continued at a high rate in most recent months.

The following table shows the latest available data on business inventories.

CHANGE IN NON-FARM BUSINESS INVENTORIES
(Seasonally adjusted at annual rates)

	1965		
	1st Q.	2nd Q.	3rd Q.
	(Millions of dollars)		
Manufacturing	540	308	256
Durables	(308)	(300)	(240)
Non-durables	(232)	(8)	(16)
Wholesale Trade	84	148	92
Retail Trade	204	216	332
"Other" Industries	116	96	20
Total	944	768	700

Inventory-sales ratios have been declining for several years, as computer techniques and other modern methods of inventory management have permitted improved control over flows and stocks. At the same time, relative price stability and ready availability of goods have meant that buyers have not needed or wanted to carry excessive stocks. In all of manufacturing, there is at present two months' supply on hand. Raw materials and goods in process increased somewhat more rapidly than finished goods in the past year, but in neither case were the increases very rapid. The relatively low level of finished goods inventories was reflected in a high level of unfilled orders at the end of 1965. At that time, new orders being received by manufacturers were running ahead of shipments, so that no early change in manufacturers' inventory positions was indicated.

GOVERNMENT SECTOR

Current Position

On a national accounts basis, combined revenue of all governments rose by more than 12 per cent in 1965 over the preceding year while expenditures increased by 10 per cent (on the basis of preliminary estimates). On balance, revenues rose faster in 1965 than expenditures, so that governments ran a surplus of about one-quarter of a billion dollars, compared with a deficit of about $100 million in 1964. The change to an overall surplus arose from an increase in the federal surplus to $535 million, and a smaller increase in provincial governments' surplus to almost $300 million. Municipalities combined ran a deficit of about $575 million, virtually unchanged from 1964.

The Budget—Appendix

REVENUES, EXPENDITURES AND FISCAL POSITION, BY LEVEL OF GOVERNMENT
(National accounts basis)

—	1953	1964	1965[1]
	(Millions of dollars)		
Federal—Revenue	4,726	8,132	8,940
Expenditure	4,584	7,886	8,405
Surplus (+) or deficit (−)	+142	+246	+535
Provincial—Revenue	1,612	5,403	6,374
Expenditure	1,409	5,299	6,084
Surplus (+) or deficit (−)	+203	+104	+290
Municipal—Revenue	1,119	3,594	3,945
Expenditure	1,289	4,046	4,519
Surplus (+) or deficit (−)	−170	−452	−574
All Governments—Revenue[2]	7,457	17,129	19,259
Expenditure[2][3]	7,282	17,231	19,008
Surplus (+) or Deficit (−)	**+175**	**−102**	**+251**

[1] Department of Finance estimates based on preliminary DBS data.

[2] Includes intergovernmental transfers.

[3] Capital assistance is now included in government expenditure on a national accounts basis; in the past it has been omitted.

At the federal level, for which more detailed data are available, the surplus in 1965 more than doubled from the level of $246 million in 1964. Federal revenue rose by more than three quarters of a billion dollars, mainly on account of increased taxation revenue. However, the percentage increase in taxes in 1965 was lower than the gain of 14.7 per cent recorded from 1963 to 1964, since tax adjustments took place in the course of the year. Despite the strong upward trend in labour income during the year, federal personal direct taxes rose less rapidly than in 1964, reflecting the reduction of 10 per cent in the basic personal income tax rate beginning July 1, 1965, and the higher abatements to the provinces effective the beginning of 1965. Corporate tax liabilities also increased somewhat less than in 1964, associated with the lower gain in corporate profits. The largest part of the increased taxation revenues in 1965 was accounted for by a 14 per cent rise in indirect taxes to a level of $3,245 million, partly associated with the rise from 8 to 11 per cent in the sales tax on building materials and construction equipment as well as with the rapid increase in personal expenditures and the higher level of fixed capital formation.

In contrast to revenue, which showed a sharper increase in 1964 than last year, federal government expenditure on a national accounts basis rose more rapidly in 1965 than in 1964, from a level of $7,886 million in 1964 to over $8,400 million in 1965, a gain of 7 per cent. Outlays on non-defence goods and services rose by almost 15 per cent with substantial gains in capital outlays and higher wages and salaries, while expenditure on goods and services for defence increased only marginally over the year. Transfers from the federal to other levels of governments increased by about 14 per cent, to a level of almost $1,430 million. Higher equalization payments and payments to the provinces under the various shared-cost programmes more than offset the effect of one province opting out from a number of shared-cost programmes. Outlays for the Trans-Canada Highway and for technical and vocational training were up substantially from their 1964 levels. Transfers to persons showed a larger increase than in the previous year with increased family allowances, veterans' pensions and old age security

TABLE 31

GOVERNMENT TRANSACTIONS ON A NATIONAL ACCOUNTS BASIS

—	1962	1963	1964	1965[1]		
				1Q	2Q	3Q
	(Millions of dollars)					
GOVERNMENT REVENUE						
Direct taxes—persons	2,730	2,911	3,407	3,772	3,872	3,916
Federal	2,088	2,193	2,558	2,724	2,760	2,628
Provincial and Municipal	642	718	849	1,048	1,112	1,288
Direct taxes—corporations	1,702	1,821	1,989	2,068	2,120	2,148
Federal	1,271	1,356	1,482	1,548	1,580	1,600
Provincial	431	465	507	520	540	548
Withholding taxes—Federal	125	127	140	160	176	160
Indirect taxes	5,565	5,879	6,648	7,096	7,300	7,540
Federal	2,401	2,451	2,847	3,000	3,144	3,344
Provincial and Municipal	3,164	3,428	3,801	4,096	4,156	4,196
Investment income	1,257	1,376	1,519	1,584	1,644	1,636
Federal	448	502	547	556	580	580
Provincial and Municipal	809	874	972	1,028	1,064	1,056
Employer and employee contributions to social insurance and government pension funds	812	847	892	908	952	948
Federal	518	534	558	572	604	584
Provincial and Municipal	294	313	334	336	348	364
Transfers from federal governments—						
Provincial and Municipal	1,134	1,169	1,254	1,516	1,448	1,308
Total Revenue	**13,325**	**14,130**	**15,849**	**17,104**	**17,512**	**17,656**
Federal	6,851	7,163	8,132	8,560	8,844	8,896
Provincial and Municipal	6,474	6,967	7,717	8,544	8,668	8,760

[1] Seasonally adjusted at annual rates.

SOURCE: DBS *The National Accounts, Income and Expenditure*, Quarterly.

—	1962	1963	1964	1965(1) 1Q	1965(1) 2Q	1965(1) 3Q
	(Millions of dollars)					
GOVERNMENT EXPENDITURE						
Goods and services	7,710	8,024	8,607	9,120	9,412	9,596
Federal—Defence	1,678	1,576	1,552	1,648	1,556	1,572
Non-defence	1,345	1,363	1,490	1,568	1,628	1,784
Provincial and Municipal	4,687	5,085	5,565	5,904	6,228	6,240
Transfer payments to persons	3,729	3,838	4,159	4,520	4,396	4,628
Federal	2,112	2,137	2,235	2,364	2,320	2,332
Provincial and Municipal	1,617	1,701	1,924	2,156	2,076	2,296
Interest on the public debt	1,302	1,420	1,532	1,604	1,628	1,644
Federal	866	935	995	1,052	1,036	1,040
Provincial and Municipal	436	485	537	552	592	604
Subsidies	292	311	317	204	240	256
Federal	260	275	278	164	200	216
Provincial	32	36	39	40	40	40
Capital Assistance—Federal(2)	27	61	82	80	84	84
Transfers to Provincial and Municipal governments—Federal	1,134	1,169	1,254	1,516	1,448	1,308
Total Expenditure	**14,194**	**14,823**	**15,951**	**17,044**	**17,208**	**17,516**
Federal	7,422	7,516	7,886	8,392	8,272	8,336
Provincial and Municipal	6,772	7,307	8,065	8,652	8,936	9,180
Surplus (+) or Deficit (−)	**−869**	**−693**	**−102**	**+ 60**	**+304**	**+140**
Federal	−571	−353	+246	+168	+572	+560
Provincial and Municipal	−298	−340	−348	−108	−268	−420

(1) Seasonally adjusted at annual rates.

(2) This item is now included in government expenditure on a national accounts basis; in the past in has been omitted.

SOURCE: DBS, *The National Accounts, Income and Expenditure*, Quarterly.

payments more than offsetting a decline in unemployment insurance benefit payments. It will be recalled also that youth allowances were paid to 16- and 17-year-olds attending school, beginning in the fall of 1964.

The combined provincial-municipal deficit, on a national accounts basis, is estimated to have been somewhat lower in 1965 than in 1964. As noted above, the reduction represented some increase in the provincial surplus, while the municipal deficit was larger. For both levels of government combined, there was improvement through the year, with the exception of the second quarter.

Provincial-municipal expenditures continued to increase steadily during each quarter of the year, and for the year as a whole were up by about 13 per cent. The provinces increased their spending at a more rapid rate than their municipalities, as outlays on both capital goods and current expenditure rose substantially. More comment on trends in expenditure is given in following pages.

Revenue of provinces and municipalities, which rose very sharply in the first quarter partly because of the final settlement of fiscal 1963–64 federal-provincial fiscal arrangements and partly because of the increase in the federal abatement of personal income tax, moved up at a somewhat slower pace in the succeeding quarters.

Total provincial-municipal revenue is estimated to have been $8.9 billion in 1965, higher by more than 14 per cent than it was in 1964. Indirect taxes rose from $3.8 billion to $4.2 billion over this period, due to higher collections of real property taxes, sales and gasoline taxes. Transfers from the federal government were also higher largely because of increased equalization payments. Moreover, the gain in personal income tax was unusually large on account of increased abatements in favour of all of the provinces from 18 per cent in 1964 to 21 per cent in 1965, with the exception of Quebec where the abatement increased to 44 per cent to compensate for withdrawal from a number of shared-cost programmes.

Trends in Revenues and Expenditures of Governments

Between the end of the Korean war in 1953 and 1965, the combined revenues and expenditures of all governments, adjusted for intergovernmental transfers, increased at an average annual rate of about 7½ per cent, with only a modest difference in the overall surplus position at the terminal periods. During this time, however, the fiscal position of government as a whole swung considerably from a surplus of nearly $400 million in 1956, to a deficit of over a billion dollars in 1958, through a succession of deficits to 1964, when near balance was achieved, to 1965 when there was a modest surplus. Almost all of the fluctuations occurred at the federal level, with the provincial governments showing generally a relatively steady and small surplus and the municipalities showing a deficit growing from about $200 million to almost $600 million over the period.

Since 1953 federal revenue has varied cyclically, but has risen over the interval by an average of over 5 per cent annually. By 1965 it had reached a level of $8.9 billion.

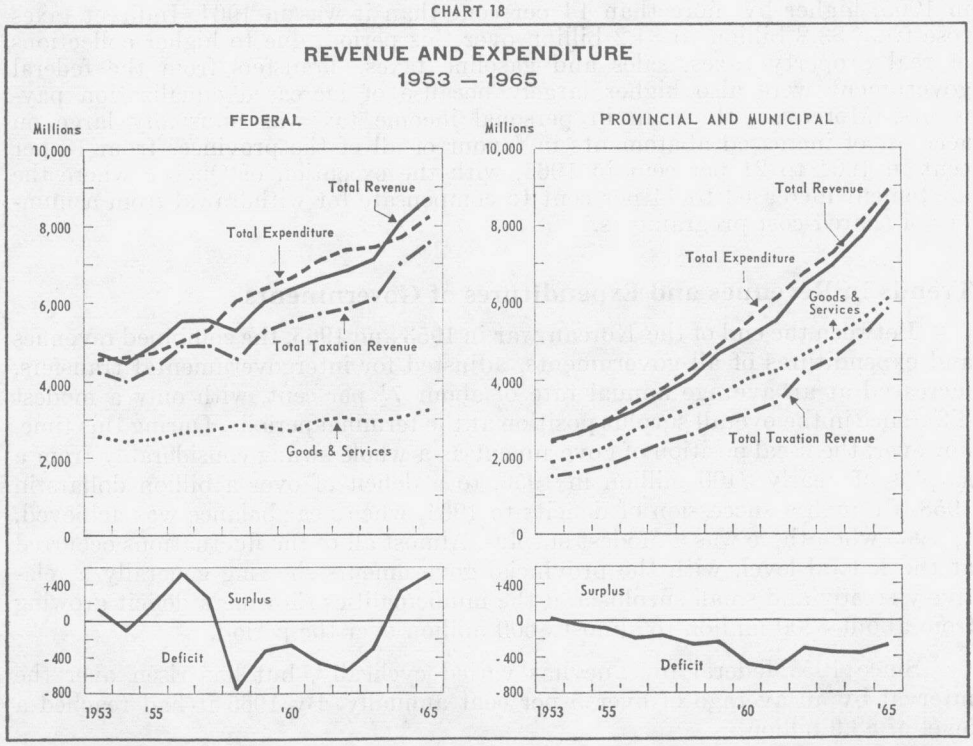
Revenues from personal direct taxes more than doubled in the twelve year period and their share in total federal revenue increased from 28 to 30 per cent. This happened despite the considerable abatements of this tax in favour of the provinces, who were able to raise their share of total revenues from this source

from 4 to 18 per cent. Changes in tax rates apart, it is known that personal direct taxes are highly elastic to income changes, increasing proportionately more over time.

Indirect taxes, which form a major source of federal revenues, increased by 5.5 per cent annually and showed little change in their relative proportion to total revenue; this rate of increase includes the effects of recent tax changes. Taxes on corporate income have shown the least growth since 1953. Income from investments and from employer and employee contributions to social insurance and government pension funds formed 10.6 per cent of federal revenues in 1953. By 1965, their ratio had increased to over 13 per cent.

Total federal expenditures on goods and services have grown by about 2 per cent annually since the end of the Korean war. However, outlays on goods and services for non-defence purposes rose by more than 150 per cent over this twelve year period, for an average annual gain of more than 8 per cent. Defence expenditures declined from a level of $1.9 billion in 1953 to less than $1.6 billion in 1965. Transfers to persons increased more rapidly than total federal outlays, and formed some 28 per cent of federal expenditures in 1965 compared to less than 23 per cent in 1953. This increase resulted mainly from higher payments for family allowances, unemployment insurance and old age security. Interest payments on the public debt also rose very rapidly.

CHART 18



Transfers from federal to provincial-municipal governments, which rose from 9 per cent of federal outlays in 1953 to about 17 per cent in 1965, increased more rapidly than any other component of federal expenditure. Despite additional abatements to the provinces in the field of taxation and increased provincial

reliance on direct sources of revenue, these transfers have risen to an annual rate of more than $1.4 billion in the current period. They include the introduction of payments under the Hospital Insurance and Diagnostic Services Act and for unemployment assistance; increased emphasis for highway construction and technical and vocational training programmes; and unconditional statutory grants and equalization payments.

Since 1953, the share of provincial-municipal income and outlays has increased markedly in the combined governments' revenue and expenditure. Provincial-municipal revenue has more than tripled; this increase has been almost entirely related to the growth in their taxation revenue and transfer receipts. Apart from transfer receipts from the federal government, the most rapid increase in provincial-municipal revenue has taken place in personal direct taxes as a result of changes which took place in the tax-sharing arrangements between the different levels of government. Receipts from indirect taxes, the main source of provincial and municipal revenue, have also increased rapidly. Real property taxes remain by far the largest single revenue source, although receipts from the retail sales tax (excluding gasoline tax but including taxes on liquor and tobacco) have continued to increase rapidly, so that revenue from this source is now equivalent to almost one-half of that obtained from the municipal real property tax. Transfers from the federal government have expanded by 11 per cent, approximately the same rate as total provincial-municipal revenue. It is of interest to note that the transfers from the federal government to the provinces are roughly equal in size to the transfers from the provinces to their municipalities.

Provincial-municipal expenditures on goods and services have been expanding at a distinctly faster rate than federal outlays, with sharp expansion in fixed capital formation, wages and salaries and other expenditures on goods and services, primarily for education. As would be inferred from the relatively unchanging fiscal position of provinces and municipalities, these increases in expenditures have about matched the increases in revenues brought about by a higher tax base, higher rates, and abatements and transfers from the federal government.

As a proportion of gross national expenditure, provincial-municipal spending on goods and services rose from 7.5 per cent in 1953 to 12 per cent in 1965. Transfers to persons, mostly in the form of pensions and other social expenditures, as well as grants to hospitals and other non-commercial institutions, increased almost five times over that period. Interest on the public debt and subsidy payments also increased very rapidly.

Analysis by Function

Apart from a national accounts framework, there are other ways of measuring the transactions of government, such as the system used in the Public Accounts and the DBS classifications of revenues by source and expenditure by function.

Federal transactions on a public accounts basis are discussed in considerable detail in Part II of this document and therefore the analysis is not repeated here. Perhaps some background should be given for the analysis by function.

As is well known, the raison d'être of government is the collective provision of services. Some of these services such as the keeping of order within a nation, protection from outside attack and the regulation of economic affairs in the general interest can only be provided by government. Similarly, basic services needed for community living, such as refuse disposal, sanitation, fire protection,

TABLE 32

PERCENTAGE DISTRIBUTION BY FUNCTION OF NET GENERAL EXPENDITURE OF GOVERNMENTS

(After elimination of inter-government transfers)

For the Fiscal Year Ended Nearest to December 31

—	Federal			Provincial-Municipal			Total		
	1952	1962	1964	1952	1962	1964	1952	1962	1964
	(per cent)								
Defence services and mutual aid	45.7	23.3	21.0	—	—	—	30.5	12.6	10.6
Veterans' pensions and other benefits	5.6	4.9	4.6	—	—	—	3.7	2.7	2.3
Health	1.1	6.2	7.0	11.6	12.5	12.0	4.6	9.1	9.6
Sanitation and waste removal	—	—	—	2.4	3.0	3.0	0.9	1.4	1.4
Social welfare	17.8	22.8	24.0	5.8	5.8	5.0	13.8	15.0	14.7
Education	0.5	4.0	3.1	27.2	31.9	31.0	9.4	16.9	16.8
Transportation and communications	3.4	6.3	6.8	23.9	18.7	22.0	10.2	12.0	14.3
Natural resources and primary industries	3.9	5.2	5.0	4.5	3.3	3.0	4.1	4.3	4.2
Debt charges (excluding debt retirement)	9.5	11.0	11.0	4.6	4.8	5.5	7.9	8.1	8.2
General government	4.0	4.2	4.5	5.3	5.3	5.0	4.4	4.7	4.7
Protection of persons and property	1.1	1.4	1.9	8.1	7.6	7.0	3.4	4.2	4.4
Other	7.4	10.6	11.1	6.5	7.1	6.5	7.1	9.0	8.8
Total Net General Expenditure	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

SOURCE: see footnote table 34.

roads, etc., which are of benefit to all rather than to a particular industry or class within the community, are generally provided through governmental channels.

TABLE 33

PERCENTAGE DISTRIBUTION OF FUNCTIONAL NET GENERAL EXPENDITURE BETWEEN GOVERNMENTS

(After elimination of inter-government transfers)

For the Fiscal Year Ended Nearest to December 31

Function	1952		1962		1964	
	Federal	Provincial-Municipal	Federal	Provincial-Municipal	Federal	Provincial-Municipal
	(per cent)					
Defence services and mutual aid	100.0	—	100.0	—	100.0	—
Veterans' pensions and other benefits	100.0	—	100.0	—	100.0	—
Health	16.0	84.0	36.9	63.1	37.0	63.0
Sanitation and waste removal	—	100.0	—	100.0	—	100.0
Social welfare	86.0	14.0	82.2	17.8	83.0	17.0
Education	3.2	96.8	12.8	87.2	9.0	91.0
Transportation and communications	22.0	78.0	28.5	71.5	24.0	76.0
Natural resources and primary industries	63.3	36.7	65.0	35.0	61.0	39.0
Debt charges (excluding debt retirement)	80.6	19.4	72.9	27.1	68.0	32.0
General government	60.4	39.6	48.3	51.7	49.0	51.0
Protection of persons and property	20.9	79.1	17.7	82.3	21.0	79.0
Other	69.5	30.5	63.6	36.4	64.0	36.0
Total Net General Expenditure	**66.7**	**33.3**	**54.0**	**46.0**	**51.0**	**49.0**

SOURCE: see footnote table 34.

The type of services provided by governments can be analytically classified according to the broad purposes or functions for which these are created. These functions are analogous to industry classification used for identifying types of production. Tables 32 and 33 give an indication of the percentage breakdown of net general expenditure of governments and the share of expenditure, by function, carried out by the different levels of government. However, consolidation of these figures leads to certain technical statistical problems and these have been treated as follows: a) Grants-in-aid and shared-cost contributions between governments have been included in the expenditures of the paying government and are excluded from the expenditures of the receiving government. b) General grants and subsidies and payments made under fiscal and tax-sharing arrangements are eliminated from the expenditure of the paying government only. c) Ordinary expenditures of municipal utilities and enterprises, hospitals, libraries and certain special areas are not included nor are capital expenditures of utilities and enterprises.

Several points are apparent from the functional comparisons by level of government.[1] The percentages indicate that the federal government bears the major share in the provision of services related to social welfare, natural resources and primary industries and debt charges exclusive of debt retirement, along with, of course, the total cost of defence and veterans' pensions and benefits. These items account for two-thirds of federal net general expenditure.

[1]It might be noted that there are some differences between the functional classification used by DBS and the Public Accounts series discussed in Part II.

TABLE 34

CHANGES BY FUNCTION IN NET GENERAL EXPENDITURE OF ALL GOVERNMENTS—
ANNUAL COMPOUND RATE BETWEEN FISCAL YEARS
ENDING CLOSEST TO DECEMBER 31

(after elimination of inter-government transfers)

	1952–1957			1957–1962			1962–1964		
	Federal	Provincial-Municipal	Total	Federal	Provincial-Municipal	Total	Federal	Provincial-Municipal	Total
1. Defence services and mutual aid	−2.3	—	−2.3	−1.3	—	−1.3	−0.5	—	−0.5
2. Veterans' pensions and other benefits	4.3	—	4.3	3.2	—	3.2	1.8	—	1.8
3. Health	6.2	9.6	9.1	47.0	13.7	21.0	11.7	11.2	11.4
4. Sanitation and waste removal	—	18.5	18.5	—	8.8	8.8	—	6.0	6.0
5. Social welfare	7.0	10.6	7.5	8.4	11.1	8.8	7.5	6.0	7.2
6. Education	39.0	12.2	13.5	23.0	13.0	14.0	−8.5	10.3	8.1
7. Transportation and communications	14.9	12.0	12.7	9.1	4.3	5.5	8.3	22.0	18.5
8. Natural resources and primary industries	2.5	9.4	5.2	14.3	5.5	10.7	3.2	11.8	6.3
9. Debt charges (excluding debt retirement)	4.6	8.3	5.3	8.6	14.4	10.0	4.8	19.5	9.0
10. General government	12.2	11.6	12.0	−0.7	10.2	4.1	8.5	7.6	8.0
11. Protection of persons and property	7.6	10.5	9.9	7.9	9.5	9.2	21.0	8.6	11.0
12. Other	11.1	14.5	12.2	6.6	9.1	7.5	7.4	7.0	7.3
Total Net General Expenditure	**3.8**	**11.6**	**6.7**	**6.3**	**10.0**	**7.9**	**4.9**	**12.4**	**8.4**

SOURCE: 1952 to 1962 based on DBS publication *Historical Review—Financial Statistics of Governments in Canada 1952–62*, catalogue No. 68-503 occasional. 1962–64 comparison estimated by Deparment of Finance.

TABLE 35

FEDERAL GOVERNMENT REVENUES AND EXPENDITURES
PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION

—	1963–64	1964–65	1965–66	1964				1965			
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)										
1. Budgetary revenue	6,253	7,180	7,673	1,688	1,772	1,721	1,835	1,852	1,918	1,862	1,944
2. Supplementary period adjustment[1]	−21	−42	44	−146	146	—	—	−188	188	—	—
3. Extra-budgetary revenues											
Old Age Security tax collections	747	959	1,170	202	247	214	220	278	300	272	279
Prairie Farm Assistance Act levy	9	10	10	2	2	4	2	2	1	5	2
Unemployment insurance employer-employee contributions	297	310	328	77	71	78	79	82	74	84	84
Government pension funds—employer-employee contributions	244	270	279	65	69	67	68	66	70	70	72
Interest receipts of social insurance and government pension funds	142	158	180	37	37	39	39	43	43	45	46
4. Corporate income tax[2]: excess (+) of accruals over collections	+ 40	−162	−114	− 10	−128	− 8	+ 6	− 32	−139	+ 2	+44
5. Profits before taxes (net of losses) of government business enterprises	205	226	247	42	43	61	86	36	59	55	98
6. Interest on loans, advances and investments	184	187	203	43	43	43	57	44	51	45	53
7. Less: Budgetary return on investments	−391	−382	−477	−112	−102	− 60	− 95	−125	−138	−120	−93
8. Less: Postal revenue	−201	−231	−236	− 52	− 53	− 49	− 70	− 59	− 57	− 49	−73
9. Budgetary revenue items offset against budgetary expenditures[3]	−109	−125	−132	− 28	− 30	− 31	− 32	− 32	− 33	− 33	−33
10. All other adjustments to budgetary revenue[4]	− 43	− 33	− 45	− 35	− 9	− 12	10	− 22	− 13	− 6	16
11. Total Revenue, National Accounts Basis[5]	**7,356**	**8,325**	**9,130**	**1,773**	**2,108**	**2,067**	**2,205**	**1,945**	**2,324**	**2,232**	**2,439**

[1] In the National Accounts, revenues in the supplementary period are shifted to the following fiscal year.

[2] Taxes on government business enterprises are excluded from this item and included in item 5.

[3] See also line 8 expenditure reconciliation.

[4] These adjustments are largely revenue items not relevant for the National Accounts such as proceeds from sales of existing assets.

[5] Department of Finance estimates based on preliminary DBS data.

TABLE 35—Concluded

	1963–64	1964–65	1965–66	1964				1965			
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)										
1. Budgetary expenditure	6,872	7,218	7,707	2,265	1,420	1,675	1,809	2,314	1,492	1,785	1,915
2. Supplementary period adjustment[1]	− 32	− 53	+ 58	−408	408	—	—	−461	461	—	—
3. Expenditures of extra-budgetary funds											
Old Age Security Fund payments	808	885	929	218	220	221	222	222	224	226	228
Unemployment Insurance benefits	366	335	306	150	102	40	52	141	91	36	44
Government Pension Fund payments	86	101	115	24	24	25	26	26	27	28	28
Prairie Farm Assistance payments	11	11	10	7	—	—	2	9	2	—	1
4. Transfers to extra-budgetary funds	− 66	− 63	− 65	− 15	− 16	− 15	− 16	− 16	− 16	− 17	− 17
5. Adjustment to place other government funds and crown agencies on a disbursement basis[2]	8	33	11	− 15	− 92	40	− 17	102	−100	32	23
6. Budgetary expenditures offset against income of government business enterprises											
Post Office expenditures	−206	−211	−235	− 53	− 51	− 50	− 54	− 56	− 54	− 61	− 63
Deficits of government business enterprises	− 73	− 92	−126	− 5	− 59	− 10	− 12	− 11	− 84	− 8	− 4
7. Reserves and write-offs	−152	− 43	− 35	− 87	− 11	− 10	− 11	− 11	− 32	− 9	− 7
8. Budgetary revenue items offset against budgetary expenditure[3]	−109	−125	−132	− 28	− 30	− 31	− 32	− 32	− 33	− 33	− 33
9. All other adjustments to budgetary expenditure	79	50	93	− 25	62	32	—	− 44	86	73	− 9
10. Total Expenditure, National Accounts Basis[4]	**7,592**	**8,046**	**8,636**	**2,028**	**1,977**	**1,917**	**1,969**	**2,183**	**2,064**	**2,052**	**2,106**
11. Surplus (+) or deficit (−), National Accounts basis[4]	−236	+279	+494	−255	+131	+150	+236	−238	+260	+180	+333
12. Surplus (+) or deficit (−), budgetary basis	−619	− 38	− 34	−577	+352	+ 46	+ 26	−462	+426	+ 77	+ 29
13. Total, National Accounts basis	7,356	8,325	9,130	1,773	2,108	2,067	2,205	1,945	2,324	2,232	2,439

[1] In the National Accounts, expenditures on goods and services in the supplementary period are split evenly between adjacent fiscal years. Most other expenditure items are shifted entirely to the next fiscal year.

[2] This adjustment replaces budgetary appropriations to various funds and agencies by the outlays actually made by these funds and agencies.

[3] The largest component of this item consists of revenue from sales of goods and services by the government. These sales appear as final expenditure of the private sector and are deducted to avoid double counting.

[4] Department of Finance revised estimates based on preliminary DBS data. There are some minor differences between these revised estimates and those appearing in Table 31.

The provinces provide the major share of health services and share with municipalities the cost of education. At the provincial level, outlays connected with education, health, and roads, highways and bridges absorb 70% of their spending.

Sanitation and waste removal costs are borne exclusively by municipalities but this forms only about 7% of their spending. The major share of their expenditure is on schools, roads and streets, and recreational facilities, the latter being included in the item "other".

Four functions—defence, social welfare, education, and transportation facilities and the "other" category which includes recreational and cultural facilities and trade development—account for about two-thirds of total net general expenditures of all levels of government combined.

The trend in services provided by governments is also of considerable analytical interest. Table 34 shows the average annual rate of change from 1952 through to 1964. This time span has been broken into three intervals, to show the rate at which particular services have speeded up or declined as between one period and another. Because the allocation of responsibility between the provinces and municipalities may shift over time, these two levels of government have been combined for these comparisons.

These time comparisons indicate that the average rate of growth in total government net general expenditures has speeded up from 7.9% per year between 1957 and 1962 to 8.4% per year in the more recent period. The rate at the federal level abated between these years, but it has been more than offset by the acceleration at the provincial-municipal levels. Two areas—streets, roads and bridges, and debt charges—share the sharpest increase in the recent period. This is related to the demands for infrastructure facilities arising from urban growth in the recent expansion. Most of those capital facilities at the municipal level seem to be financed by borrowing, as indicated by the increasing debt charges.

The sharp increase in federal expenditures on health shown in the 1957–62 period was caused by the introduction of the hospital insurance programme, while the apparent decline in education outlays between 1962 and 1964 was related to unusually high payments in 1962 for the federal government's share of the cost of building technical and vocational schools.

The Budget—Appendix

BALANCE OF INTERNATIONAL PAYMENTS

The year 1965 saw marked changes both in particular sectors and in the overall pattern of Canada's payments relationship with the rest of the world. There was some increase in the total of official reserve assets, despite the fact that the deficit on current account more than doubled. The current account position reflected rising pressure of demand in the domestic economy, offset by special circumstances on the trading account to a lesser extent than in 1963 and 1964. The movements in the capital account in 1965 were, on the other hand, affected by special factors. The inflow of funds which occurred was exceptional in its composition. Having opened with changes in the pattern of Canadian payments as a result of one U.S. programme of balance of payments guidelines, the year closed with further U.S. measures, and with the extension of specific arrangements between Canada and the United States to take account of their interdependence in this field.

TABLE 36

SUMMARY OF BALANCE OF PAYMENTS

(not seasonally adjusted)

	1964				1965			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
Merchandise trade balance	+ 35	+150	+354	+161	− 42	− 28	+155	+ 16
Deficit on non-merchandise transactions	−373	−298	−140	−322	−359	−339	−145	−394
Current account balance	−338	−148	+214	−161	−401	−367	+ 10	−378
Capital movements (+ inflow) (− outflow)								
Long-term forms	− 15	+152	+223	+493	+121	+ 90	+214	+183
Short-term forms	+311	+ 64	−281	−151	+208	+278	+ 2	+197
	− 42	+ 68	+156	+181	− 72	+ 1	+226	+ 2
Change in official holdings of gold and foreign exchange expressed in Canadian dollars (+ increase) (− decrease)	−127	+ 62	+ 97	+ 54	−118	− 92	+144	+ 55
Net International Monetary Fund position	+ 85	+ 6	+ 59	+127	+ 46	+ 93	+ 82	− 53
	− 42	+ 68	+156	+181	− 72	+ 1	+226	+ 2

The Current Account

The simple fact that the deficit on current trade in goods and services rose from $433 million in 1964 to $1,136 million in 1965 suggests a more rapid widening of Canada's deficit on current international transactions than might otherwise have been expected. But a balance struck for a year as a whole does not fully reflect the underlying trend in the Canadian economy's requirement for external resources, which was already rising towards the end of 1964.

The higher rates of economic growth, and of business investment in particular, to which the economy moved in 1963, have reversed for the time being the trend of delining current account deficits which set in after 1959. It is typical of the Canadian economy that, as it approaches the limits of its own resources, the

incentive for drawing in resources from abroad is increased. As far as the current account is concerned, this will be reflected in practice in increased imports, not only of capital equipment, but also of consumer goods.

TABLE 37

INTERNATIONAL PAYMENTS: CURRENT ACCOUNT

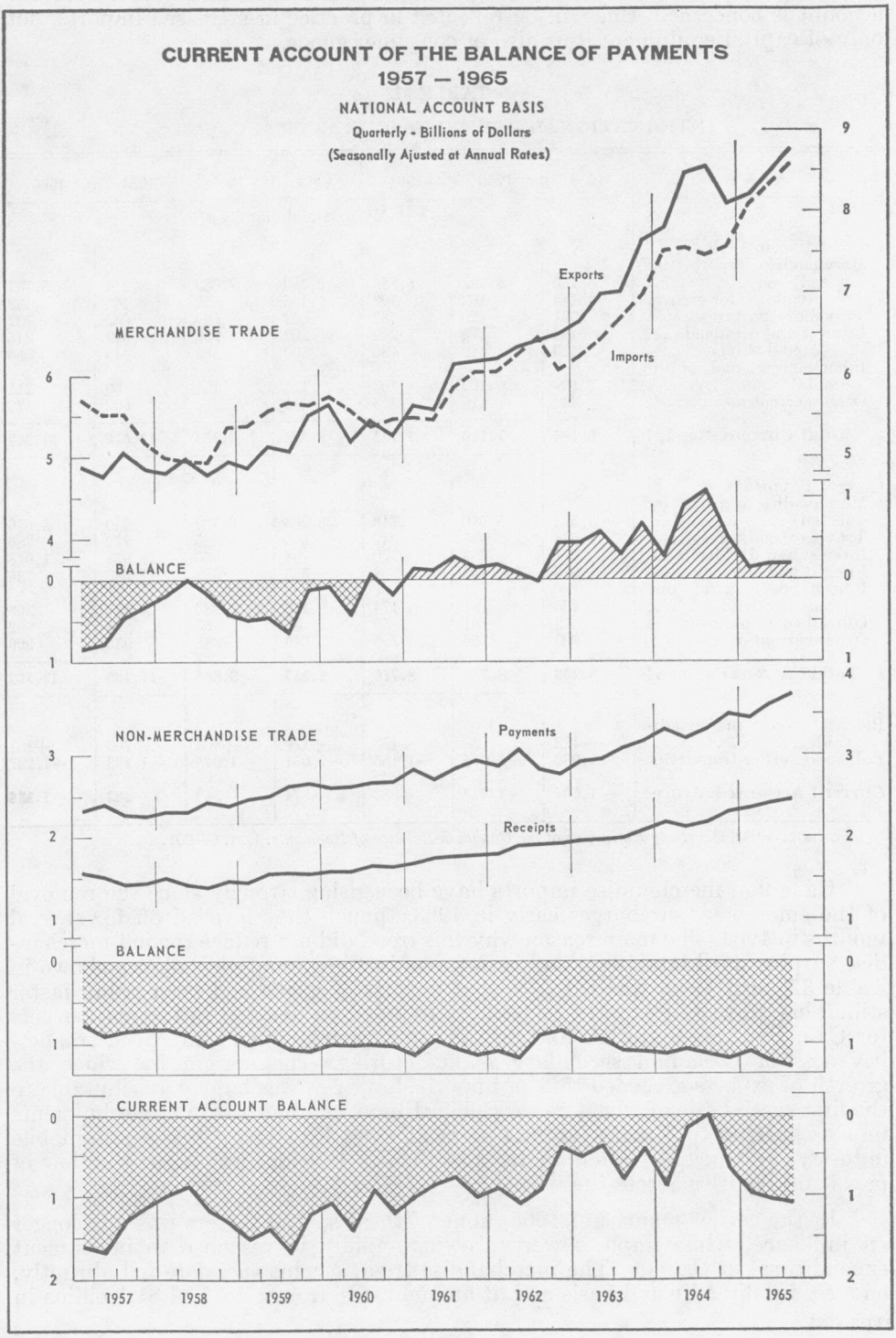
—	1959	1960	1961	1962	1963	1964	1965
	(Millions of dollars)						
Current Receipts—							
Merchandise exports (adjusted)	5,150	5,392	5,889	6,380	7,082	8,240	8,737
Gold available for export	148	162	162	155	154	145	138
Travel expenditures	391	420	482	562	609	662	737
Interest and dividends	182	173	209	202	230	313	315
Freight and shipping	420	442	486	509	563	645	656
Inheritances and immigrants' funds	109	102	103	124	151	169	211
Other current receipts	392	419	403	451	473	502	573
Total Current Receipts	**6,792**	**7,110**	**7,734**	**8,383**	**9,262**	**10,676**	**11,367**
Current Payments—							
Merchandise imports (adjusted)	5,572	5,540	5,716	6,203	6,579	7,540	8,636
Travel expenditures	598	627	642	605	585	712	786
Interest and dividends	671	653	770	794	860	978	1,048
Freight and shipping	525	533	568	595	648	685	736
Inheritances and emigrants' funds	165	181	174	175	186	190	206
Official contributions	72	61	56	36	65	69	92
Other current payments	693	758	790	849	881	935	999
Total Current Payments	**8,296**	**8,353**	**8,716**	**9,257**	**9,804**	**11,109**	**12,503**
Balance on merchandise trade	−422	−148	+173	+177	+503	+700	+101
Balance on other transactions	−1,082	−1,095	−1,155	−1,051	−1,045	−1,133	−1,237
Current Account Balance	**−1,504**	**−1,243**	**−982**	**−874**	**−542**	**−433**	**−1,136**

SOURCE: DBS *Quarterly Estimates of the Canadian Balance of Payments*, Cat. 67-001.

Canadian merchandise imports have been rising strongly since the removal of the emergency surcharges early in 1963, though they levelled off for several months in 1964. The main reason why this trend did not reduce the net merchandise surplus until late 1964, and is not seen in the annual net balance shown in Table 37 until 1965, was the fact that exports of goods had been rising faster still. This growth in exports was solidly founded on demand in foreign markets for Canadian raw materials and on the growing volume and improved competitiveness of Canadian secondary manufacturing. The margin by which the growth of exports exceeded that of imports, however, was largely attributable to the first special sale of wheat to the Soviet Union, combined with large shipments under contract to China; imports were affected by strikes in the automobile industry, first in the United States and then in Canada, which cut the flow of parts and vehicles across the border.

In the earlier months of 1965, none of these special factors was any longer an influence, while imports were growing rapidly in response to investment expenditures in Canada. The merchandise trade surplus therefore fell abruptly, on a seasonally adjusted basis and at annual rates, from a peak of $1.1 billion in

CHART 19


CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS
1957 — 1965
NATIONAL ACCOUNT BASIS
Quarterly - Billions of Dollars
(Seasonally Ajusted at Annual Rates)
MERCHANDISE TRADE
Exports
Imports
BALANCE
NON-MERCHANDISE TRADE
Payments
Receipts
BALANCE
CURRENT ACCOUNT BALANCE
1957
1958
1959
1960
1961
1962
1963
1964
1965

the third quarter of 1964, through $0.5 billion in the fourth, to a low point of just over $100 million in the first quarter of 1965. From this it rose slightly in both the second and third quarters of 1965, but disappeared in the fourth quarter, even though shipments of wheat under the second major contract with the Soviet Union got under way during that period.

On non-merchandise account, the smallest deficit in recent years, on a seasonally adjusted basis and at an annual rate, was that of about $850 million recorded in the last quarter of 1962, when the impact of the devaluation and emergency measures effected earlier that year was at its height, especially on the travel account. The deficit has grown again fairly slowly and steadily ever since, with some acceleration in the rate of growth in the second half of 1965.

This increase in the deficit on invisible trade pushed the overall current account deficit a little higher in each succeeding quarter of 1965; on a seasonally adjusted basis and at annual rates, the deficit rose from just under $1 billion in the first quarter to just over this figure in the second, nearly $1.1 billion in the third, and over $1.5 billion in the fourth quarter, to give a deficit for the year as a whole of $1,141 million, or $1,136 million on a Balance of Payments basis.[1]

Merchandise exports have been reviewed in an earlier section. Adjusted for balance of payments purposes, they rose by 6.0 per cent in 1965. Merchandise imports as recorded in Customs returns are also adjusted for balance of payments purposes; the total of $8,636 million estimated for 1965 represented an increase of 14.5 per cent, with the resultant narrowing of the net merchandise surplus from $700 million to $101 million which largely contributed to the rise in the overall deficit on current account for the year as a whole.

This rise in imports seems to have been quite broadly based, although no detail is yet available in terms of major categories of end-use such as industrial materials, investment goods and consumer goods. The increase does not appear to have been quite as even as in 1964, however, when each of these three main categories of imports grew roughly in proportion with the others. Disregarding the special cases of automobiles and aircraft, import figures for 1965 show a fairly clear bias towards industrial and investment goods rather than consumer goods, and specifically towards materials and machinery used in construction. Reinforcing bars, structural steel shapes, cranes, front-end loaders and shovels, and track-laying tractors: these are typical of the individual import headings which recorded the most striking increases between 1964 and 1965, evidently as a direct result of the sharp rise in investment in construction.

Annual changes in aggregate imports, as chart 20 demonstrates, tend to be very much in line with changes in the aggregate of business investment (private gross fixed capital formation other than housing). This is not inconsistent with

---

[1]The above review in terms of seasonally adjusted figures and chart 19 which illustrates it are based on the National Accounts concept of the current external balance; this differs from Balance of Payments definitions only in that inheritances and migrants' funds are excluded. Since that particular account has been very close to balance in the past two years, the effect of this distinction is not important in a general analysis. Both concepts, whether or not subject to adjustment for seasonal factors, differ from Trade of Canada figures of merchandise trade, which are not adjusted for the timing of wheat shipments or for progress payments on ships, aircraft, and defence goods; but detailed analysis is only possible on the basis of the basic Trade of Canada commodity figures.

The Budget—Appendix

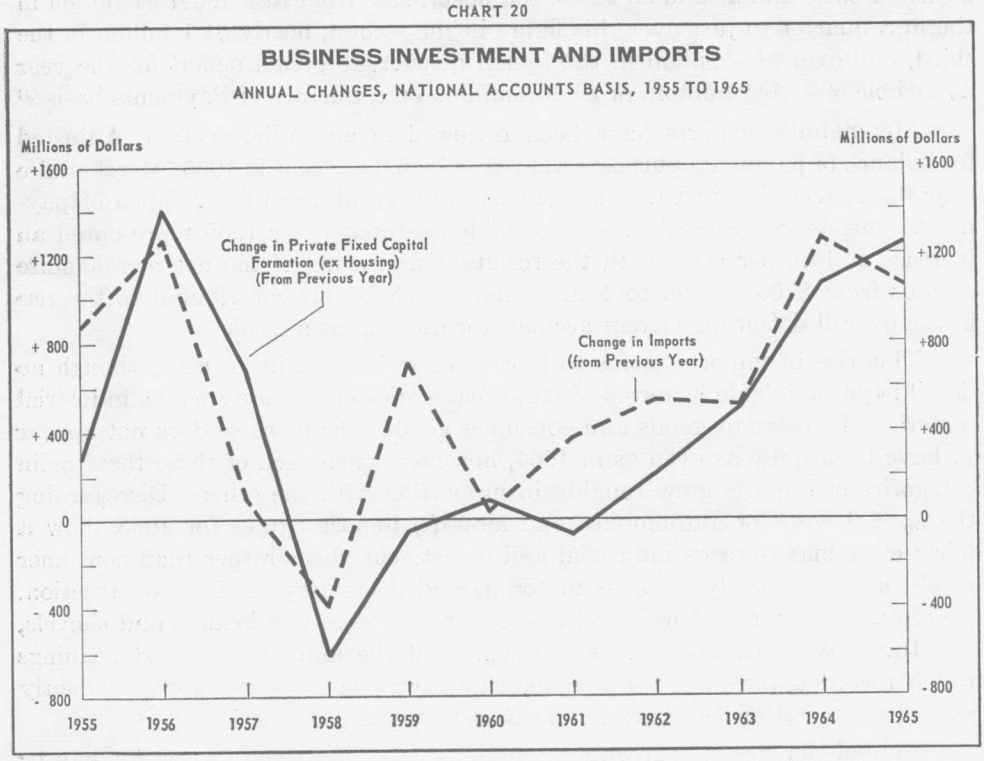
the slow long-term decline in the import content of Gross National Expenditure which has been taking place at least since the Korean war; but the sharp increase in investment in 1965 did raise the ratio of expenditure on imported goods to GNE: on a quarterly and seasonally adjusted basis, it rose to a peak of about 17.5 per cent of GNE in the fourth quarter, the highest level since the recession of 1957–58, but still below the ratios of 20.7 and 18.5 per cent recorded in 1951 and 1956 respectively.

RATIO OF IMPORT OF GOODS TO GROSS NATIONAL EXPENDITURE
(seasonally adjusted, per cent)

1964 1Q	16.4	1965 1Q	16.2
2Q	16.2	2Q	16.3
3Q	15.8	3Q	16.5
4Q	15.8	4Q	17.5(1)

(1) Preliminary estimate.

CHART 20



The effect upon the net merchandise balance of these trends in exports and imports has already been described: on a year-to-year basis, the surplus fell from $700 million in 1964 to $101 million in 1965. Taking into account the special sale of wheat in each figure, the underlying merchandise account can be said to have swung from a surplus of about $400 million to a deficit of some $150 million (always subject to the qualification that other exports and imports would not necessarily have been the same in the absence of the special wheat sale).

TABLE 38

NON-MERCHANDISE ACCOUNT
(Seasonally adjusted at annual rates)
(National accounts basis)

	Receipts	Payments	Balance
	(Millions of dollars)		
1964—			
1Q	2,192	3,312	−1,120
2Q	2,124	3,200	−1,076
3Q	2,184	3,308	−1,124
4Q	2,308	3,500	−1,192
1965—			
1Q	2,348	3,452	−1,104
2Q	2,404	3,620	−1,216
3Q	2,460	3,736	−1,276
4Q	n.a.	n.a.	−1,428[1]

[1] Department of Finance estimate.
n.a.—not available.
SOURCE: DBS *Ibid.*

From the quarterly and seasonally adjusted figures in Table 38, it will be seen that the rise in the non-merchandise deficit proceeded throughout the year, and was particularly marked in the fourth quarter. The jump from the third to the fourth quarter is largely attributable to a sharply higher rate of outpayment of dividends towards the end of the year. Until the fourth quarter, relatively high receipts from Canadian investments abroad had kept the net deficit on this account from rising as fast as in some recent years.

MAJOR ITEMS IN THE BALANCE ON NON-MERCHANDISE TRANSACTIONS
(Net receipts or payments, millions of dollars)

—	1959	1960	1961	1962	1963	1964	1965
Gold production available for export	+148	+162	+162	+155	+154	+145	+138
Travel expenditures	−207	−207	−160	− 43	+ 24	− 50	− 49
Interest and dividends	−489	−480	−561	−592	−630	−665	−733
Freight and shipping	−105	− 91	− 82	− 86	− 85	− 40	− 80
Inheritances and migrants' funds	− 56	− 79	− 71	− 51	− 35	− 21	+ 5
Official contributions	− 72	− 61	− 56	− 36	− 65	− 69	− 92
All other non-merchandise transactions	−301	−339	−387	−398	−408	−433	−426
Balance on non-merchandise account	−1,082	−1,095	−1,155	−1,051	−1,045	−1,133	−1,237

The increased physical volume of merchandise trade resulted in some addition to net outpayments in respect of freight and shipping; official contributions of aid made directly and through international organizations were more than a third as high again as in 1964; and gold production was again a smaller credit item than in the previous year. On the three other main service accounts the net outpayments in 1965 were lower than in 1964. The marked rise in immigration since 1962, possibly coupled with some increase in the average value of the assets brought into the country by immigrants, has brought this account back into small surplus for the first time since 1953. The deficit on the residual

category of non-merchandise transactions, (which cover chiefly business services but also government expenditures, personal remittances and a certain proportion of debt interest and other income) has grown rather unevenly over the postwar period but has moved within a narrow range since 1961.

The deficit on travel account declined a little in 1965. It is not possible to deduce from this a structural improvement; but the swing back into deficit which occurred in 1964, as the immediate effect of the 1962 devaluation and limitation of tourist purchases wore off, seems to have been contained for the time being. A major factor in this is evidently the reduced cost of trans-Atlantic air travel: in 1964 this seemed to be chiefly acting upon travel by Canadians to Europe, but in 1965, as Table 39 indicates, lower fares appear to have been effective also in stimulating travel to Canada from Europe.

TABLE 39

BALANCE ON TRAVEL ACCOUNT

All Countries

	Receipts			Payments			Balance		
	U.S.	Rest of World	Total	U.S.	Rest of World	Total	U.S.	Rest of World	Total
	(Millions of dollars)								
1953	282	20	302	307	58	365	− 25	− 38	− 63
1954	283	22	305	320	69	389	− 37	− 47	− 84
1955	303	25	328	363	86	449	− 60	− 61	−121
1956	309	28	337	391	107	498	− 82	− 79	−161
1957	325	38	363	403	122	525	− 78	− 84	−162
1958	309	40	349	413	129	542	−104	− 89	−193
1959	351	40	391	448	150	598	− 97	−110	−207
1960	375	45	420	462	165	627	− 87	−120	−207
1961	435	47	482	459	183	642	− 24	−136	−160
1962	512	50	562	419	186	605	+ 93	−136	− 43
1963	549	60	609	388	197	585	+161	−137	+ 24
1964	590	72	662	481	231	712	+109	−159	− 50
1965	650	87	737	531	255	786	+119	−168	− 49

SOURCE: DBS *Ibid.*

TABLE 40

GEOGRAPHICAL DISTRIBUTION OF MERCHANDISE AND NON-MERCHANDISE BALANCES

	United States		United Kingdom		Other Countries		All Countries	
	1964	1965	1964	1965	1964	1965	1964	1965
			(Millions of dollars)					
Merchandise Exports (adjusted)	4,396	4,986	1,219	1,184	2,625	2,567	8,240	8,737
Merchandise Imports (adjusted)	5,207	6,042	584	625	1,749	1,969	7,540	8,636
Trade balance	−811	−1,056	+635	+559	+876	+598	+700	+101
Non-merchandise receipts	1,621	1,764	385	359	430	507	2,436	2,630
Non-merchandise payments	2,465	2,639	413	422	691	806	3,569	3,867
Non-merchandise balance	−844	−875	−28	−63	−261	−299	−1,133	−1,237
Total current receipts	6,017	6,750	1,604	1,543	3,055	3,074	10,676	11,367
Total current payments	7,672	8,681	997	1,047	2,440	2,775	11,109	12,503
Current account balance	−1,655	−1,931	+607	+496	+615	+299	−433	−1,136

SOURCE: DBS *Ibid.*

The geographical pattern of Canada's current external account in 1965 was chiefly influenced by the substantial reduction in the merchandise surplus with overseas countries other than the United Kingdom, resulting from lower wheat shipments, and by further increases in the deficits on both merchandise and non-merchandise accounts with the United States. The overall current deficit with the United States, which is considered in more detail below, is raised from the figure of $1,931 million shown in Table 40 to $2,069 million when Canadian gold production is considered as a financing item rather than, as here, an item on the current account which is conventionally attributed to the United States.

TABLE 41

BALANCE OF PAYMENTS ON CURRENT ACCOUNT: MERCHANDISE AND NON-MERCHANDISE BALANCE, 1946 TO 1965

	Merchandise Trade	Non-Merchandise Trade	Current Account Balance
	(Millions of dollars)		
1946	+571	−208	+363
1947	+188	−139	+ 49
1948	+432	+ 19	+451
1949	+293	−116	+177
1950	+ 10	−344	−334
1951	−147	−370	−517
1952	+489	−325	+164
1953	− 58	−385	−443
1954	+ 13	−445	−432
1955	−211	−487	−698
1956	−728	−638	−1,366
1957	−594	−861	−1,455
1958	−179	−952	−1,131
1959	−422	−1,082	−1,504
1960	−148	−1,095	−1,243
1961	+173	−1,155	−982
1962	+177	−1,051	−874
1963	+503	−1,045	−542
1964	+700	−1,133	−433
1965	+101	−1,237	−1,136

SOURCE: DBS *Ibid.*

The Capital Account

The financing of the current account deficit was subject to abnormal features and certain distortions in 1965. In broad outline, the net inflow of long-term capital, which in recent decades has largely originated in the United States, was at a lower level than usual. The deficit was made up by a net inflow of short-term capital and there was some gain in official reserve assets. The really exceptional feature of this flow of short-term capital was that it was the net of very substantial flows into Canada from overseas and from Canada to the United States, in a comparatively abrupt reversal of movements which had been taking place in the opposite direction over a number of years, and particularly in 1964.

The reduction in the relative importance of long-term capital in the financing of the current deficit in 1965 occurred despite the maintenance of a fairly high rate of long-term new borrowing abroad.

In that part of the U.S. balance of payments programme introduced in February which was directed at U.S. non-financial corporations, direct investment abroad by such corporations was covered by a request that they should collectively improve their global balance of payments position, taking physical trade, income and capital investment all into account. Canada, however, was specifically exempted from this guideline.

Direct investment in Canada by non-residents in fact rose in 1965 from the particularly low levels recorded in 1963 and 1964, though at $390 million it remained well below the level of at least a half-billion dollars which was typical of most of the previous decade. Direct investment abroad by Canadian residents was again at the relatively high annual level of $100 million or so which has been recorded since 1962.

New guidelines for U.S. non-financial corporations were announced in December 1965. In these, a global target was again specified, but direct investment was also singled out for limitation by each corporation, in 1965 and 1966 taken together, to 90 per cent of the total for the three preceding years on a basis inclusive of retained earnings. The geographic basis upon which this was to be achieved was again left to the discretion of individual corporations, but the specific exemption of Canada was withdrawn.

Despite the fact that they are subject to the U.S. Interest Equalization Tax, net sales abroad of outstanding Canadian bonds and debentures continued at a relatively high level. However, as Table 44 shows, they were heavily outweighed by the repatriation of some $240 million of outstanding Canadian common and preference stocks, a reflux of such securities (in other words, an outflow of capital) which was roughly twice as large as any previously recorded. This, then, was one major offset to the capital inflow from new issues. Another was the continued high level of capital outflows for the retirement of securities in the hands of non-residents, which have now exceeded $300 million in each year since 1961. There was also a net outflow of long-term capital through net purchases by Canadians of foreign securities.

Repayment of both interest and principal on the postwar loan to the United Kingdom was waived for the second year running (although there was a small receipt of interest in respect of the deferment itself, which cannot be waived under the terms of the loan). As against the first receipt of U.S. $50 million in 1964, the second capital receipt arising from the Columbia River Treaty was U.S. $30 million. This was the proceeds upon maturity on November 1, 1965, of a medium-term non-marketable U.S. government security, the first of six annual maturities to this value, followed by a final maturity of U.S. $23.9 million in 1971; these securities were purchased by the Minister of Finance in 1964 with the majority of the funds representing payment by the United States for its share of the first thirty years of downstream benefits from development of the Columbia River. A final offset to the inflow from long-term new issues was a substantial debit for the residual category of long-term capital, in large part associated with the extension of export credits.

The issue abroad by Canadian residents of new, long-term securities in 1965 was, as usual, largely accounted for by bonds and largely directed at the United States market. The total capital inflow from new issues shown in Table 42 was $1,127 million, of which $1,075 million is accounted for in Table 46 by deliveries of bonds to United States residents.

So much had occurred to disrupt, without actually restricting, access by Canadian borrowers to this market, that the third quarter of 1965 saw quite heavy offerings of new long-term Canadian securities in the New York market. When this heavy traffic persisted into the fourth quarter, the U.S. authorities requested Canadian co-operation in smoothing out the flow involved. The Minister of Finance requested major Canadian borrowers wherever possible to defer delivery of the securities concerned until after the turn of the year. Canadian borrowers co-operated by suspending some $140 million of deliveries in this way.

TABLE 42

INTERNATIONAL PAYMENTS: CAPITAL MOVEMENTS

—	1961	1962	1963	1964	1965
	(Millions of dollars)				
Direct investment in Canada	+ 520	+ 495	+ 280	+ 255	+ 390
Direct investment abroad	− 75	− 109	− 135	− 140	− 115
Canadian securities—					
Trade in outstanding bonds and debentures	+ 61	+ 64	+ 39	+ 77	+ 64
Trade in outstanding common and preference stocks	+ 39	− 116	− 179	− 97	− 241
New issues	+ 538	+ 728	+ 784	+1,123	+ 1,127
Retirements	− 300	− 320	− 404	− 358	− 373
Foreign securities (total)	− 34	− 65	+ 22	− 63	− 74
Loans and capital subscriptions by Government of Canada—					
Advances, etc.	− 8	− 22	− 18	− 10	− 16
Repayments to Canada	+ 37	+ 129	+ 25	+ 9	+ 10
Columbia River Treaty, net[1]	—	—	—	+ 54	+ 32
Long-term capital transactions not included elsewhere	+ 132	− 116	+ 14	+ 3	− 196
Change in certain Canadian assets of foreigners—					
Canadian dollar deposits	+ 34	− 13	+ 43	+ 28	+ 30
Government of Canada demand liabilities[2]	− 2	− 4	+ 1	—	− 2
Canadian treasury bills	− 58	+ 4	− 27	− 16	− 12
Canadian commercial paper	+ 100	+ 133	− 23	− 11	+ 11
Canadian finance paper			+ 93	+ 176	− 179
Canadian finance company obligations not included elsewhere			+ 35	+ 49	+ 205
Bank balances and other short-term funds abroad	+ 140	+ 93	− 258	− 524	− 136
All other transactions	+ 148	+ 148	+ 187	+ 241	+ 468
Net Capital Movements excluding monetary items shown below	**+1,272**	**+1,029**	**+ 688**	**+ 796**	**+ 1,293**
Official monetary movements in the form of:					
Change in official holdings of gold and foreign exchange	+ 229	+ 537	+ 60	+ 68	− 11
Change in net International Monetary Fund position	+ 61	− 378	+ 86	+ 277	+ 168
Other special international financial assistance	—	− 4	—	—	—

[1] See reference to Columbia River Treaty on page 81.

[2] Demand notes of international investment agencies other than the International Monetary Fund, Trust and Deposit Account of U.S. Government with Government of Canada.

SOURCE: DBS *Ibid.*

TABLE 43
INTERNATIONAL PAYMENTS: QUARTERLY CAPITAL MOVEMENTS

—	1964				1965			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
Direct investment in Canada	+ 69	+ 44	+ 52	+ 90	+ 70	+120	+100	+100
Direct investment abroad	− 44	− 68	− 3	− 25	− 35	− 5	− 50	− 25
Canadian securities—								
Trade in outstanding bonds and debentures	+ 4	+ 14	+ 37	+ 22	+ 3	+ 17	+ 38	+ 6
Trade in outstanding common and preference stocks	− 44	− 8	− 5	− 40	− 83	− 84	− 28	− 46
New issues	+138	+318	+117	+550	+273	+306	+298	+250
Retirements	−109	−100	− 57	− 92	− 66	−176	− 57	− 74
Foreign securities (total)	− 7	− 38	− 7	− 11	− 35	− 5	− 22	− 12
Loans and capital subscriptions by Government of Canada								
Advances, etc.	− 2	—	—	− 8	—	—	—	− 16
Repayments to Canada	+ 4	+ 2	+ 1	+ 2	+ 5	+ 2	+ 1	+ 2
Columbia River Treaty net[1]	—	—	+ 54	—	—	—	—	+ 32
Long-term cap tal transactions not included elsewhere	− 24	− 12	+ 34	+ 5	− 11	− 85	− 66	− 34
Change in certain Canadian assets of foreigners:								
Canadian dollar deposits	+ 20	− 9	− 36	+ 53	+ 38	− 37	− 19	+ 48
Government of Canada demand liabilities[2]	—	− 3	—	+ 3	− 1	− 4	− 5	+ 12
Canadian treasury bills	+ 4	+ 14	− 16	− 18	+ 27	− 10	− 2	− 3
Canadian commercial paper	+ 27	− 19	− 18	− 1	—	+ 7	+ 4	—
Canadian finance paper	+107	+102	+ 4	− 17	− 38	− 7	− 65	− 69
Canadian finance company obligations not included elsewhere	− 2	+ 1	+ 16	+ 37	+ 25	+ 99	+ 89	− 8
Bank balances and other short-term funds abroad	+150	−127	−164	−385	+170	+140	− 73	−101
All other transactions	+ 5	+105	− 67	+177	− 13	+ 90	+ 73	+318
Net Capital Movement excluding monetary items shown below	**+296**	**+216**	**− 58**	**+342**	**+329**	**+368**	**+216**	**+380**
Official monetary movements in the form of:								
Change in official holdings of gold and foreign exchange	−127	+ 62	+ 97	+ 54	−118	− 92	+144	+ 55
Change in net International Monetary Fund position	+ 85	+ 6	+ 59	+127	+ 46	+ 93	+ 82	− 53

[1] See reference to Columbia River Treaty on page 81.
[2] Demand notes of international investment agencies other than the International Monetary Fund, Trust and Deposit Account of U.S. Government with Government of Canada.
SOURCE: DBS

TABLE 44

TRADE IN OUTSTANDING CANADIAN SECURITIES BETWEEN CANADA AND ALL COUNTRIES

(Millions of dollars)

Period	Canadian Bonds and Debentures			Canadian Common and Preference Stocks			Total		
	Sales to	Purchases from	Net	Sales to	Purchases from	Net	Sales to	Purchases from	Net
1963—									
1Q	67	44	+23	124	181	−57	191	225	−34
2Q	86	59	+27	131	175	−44	217	234	−17
3Q	39	46	− 7	75	102	−27	114	148	−34
4Q	47	51	− 4	86	128	−42	133	179	−46
1964—									
1Q	38	34	+ 4	107	151	−44	145	185	−40
2Q	62	48	+14	164	172	− 8	226	220	+ 6
3Q	58	21	+37	137	142	− 5	195	163	+32
4Q	69	47	+22	127	167	−40	196	214	−18
1965—									
1Q	53	50	+ 3	127	210	−83	180	260	−80
2Q	43	26	+17	110	194	−84	153	220	−67
3Q	65	27	+38	75	103	−28	140	130	+10
4Q	42	36	+ 6	131	177	−46	173	213	−40

+capital inflow
−capital outflow
SOURCE: DBS *Ibid*

TABLE 45

TRADE IN OUTSTANDING FOREIGN SECURITIES BETWEEN CANADA AND ALL COUNTRIES

Period	Sales to	Purchases from	Net
	(Millions of dollars)		
1963—			
1Q	82	77	+ 5
2Q	134	113	+21
3Q	90	94	− 4
4Q	128	110	+18
1964—			
1Q	124	129	− 5
2Q	151	182	−31
3Q	122	126	− 4
4Q	128	134	− 6
1965—			
1Q	135	146	−11
2Q	157	170	−13
3Q	137	153	−16
4Q	212	214	− 2

+ capital inflow
− capital outflow
SOURCE: DBS *Ibid*

The Budget—Appendix

In December 1965, the state of uncertainty which had affected the market was resolved by a new arrangement arrived at between Canada and the United States, at the time of the announcement of further restrictions by the United States upon the outflow of both short and long-term capital. In effect, the exemption of new Canadian long-term issues from the Interest Equalization Tax was extended to include the exemption of such issues from a new quantitative limitation on the acquisition of long-term securities by U.S. non-bank financial institutions. In return for this assurance of access for Canadian borrowers to the U.S. long-term market, the Canadian government undertook that it would purchase Canadian securities in the U.S. market, if this proves necessary, in

TABLE 46

NEW ISSUES OF CANADIAN BONDS SOLD TO UNITED STATES RESIDENTS

Period	Offerings	Deliveries	Undelivered[1]
	(Millions of dollars)		
1964—			
1Q	91	125	88
2Q	238	294	32
3Q	309	103	238
4Q	345	532	51
1965—			
1Q	339	255	135
2Q	265	298	102
3Q	378	290	190
4Q	344	232	302

[1]At end of period.
SOURCE: DBS *Ibid.*

TABLE 47

FINANCING OF CANADA'S BILATERAL ACCOUNT WITH THE UNITED STATES

	1962	1963	1964	1965
	(Millions of dollars)			
Transactions with U.S. (excluding international financial agencies)				
Current account deficit (exc. gold)	−1,277	−1,316	−1,800	−2,069
Capital inflow from U.S.	+1,091	+ 850	+1,755	+ 468
Net amount to be financed by other transactions	− 186	− 466	− 45	−1,601
Other transactions				
Current account surplus with rest of world	+248	+620	+1,222	+795
Net capital movement from (+) or to (−) rest of world	− 62	−162	− 959	+825
New gold production available for export	+155	+154	+ 145	+138
Increase (−) in Canadian holdings of gold and foreign exchange	−533	− 60	− 86	+ 11
Change in Canada's position with the International Monetary Fund[1]	+378	− 86	− 277	−168
Total financing	**+186**	**+466**	**+ 45**	**+1,601**

[1]Improvement (−) in Canadian position represents net provision of resources by Canada to the I.M.F.

order to ensure that the net flow of capital funds to Canada is not in excess of the amount required to meet the needs of the current account in the balance of payments and to keep Canada's reserves within an appropriate range.

The basis for the exemption of long-term Canadian new issues in this way is the recognition on the part of the U.S. authorities of the fact that U.S. current account earnings in Canada almost invariably exceed U.S. capital outflows to Canada. It will be seen from Table 47 that this pattern was strikingly confirmed in 1965, when a U.S. current account surplus with Canada of over $2 billion was only financed to the extent of less than $500 million by U.S. capital.

In 1964, a substantial outflow of short-term U.S. capital to Canada, much of it destined ultimately for the Eurodollar market, had been added to the long-term flow to produce a total flow to Canada which nearly, though still not quite, equalled the U.S. current account surplus with Canada. This flow continued into the first quarter of 1965; but in February new balance of payments guidelines were issued to all U.S. banks by the U.S. government which had the objective of limiting new short-term outflows from the United States in 1965 to a small proportion of the total outstanding at the end of 1964. In order to provide assurance that the foreign currency operations of Canadian banks would not be inconsistent with the aims of these guidelines, the Canadian government requested all chartered banks to conduct their foreign currency operations in such a way that the net position of their head offices and Canadian branches vis-à-vis

TABLE 48

OFFICIAL HOLDINGS OF GOLD AND FOREIGN EXCHANGE

End of Period	Gold	U.S. Dollars	Total
	(Millions of U.S. dollars)		
1964—January	836.7	1,745.7	2,582.4
February	849.7	1,692.6	2,542.3
March	871.0	1,594.5	2,465.5
April	892.2	1,588.9	2,481.1
May	910.1	1,599.3	2,509.4
June	931.3	1,602.6	2,533.9
July	948.8	1,585.1	2,533.9
August	969.0	1,606.9	2,575.9
September	989.6	1,634.9	2,624.5
October	1,001.1	1,685.5	2,686.6
November	1,007.4	1,736.0	2,743.4
December	1,025.7	1,648.6	2,674.3
1965—January	1,036.0	1,632.2	2,668.2
February	1,040.6	1,608.1	2,648.7
March	1,044.1	1,510.0	2,554.1
April	1,044.7	1,521.8	2,566.5
May	1,081.4	1,417.3	2,498.7
June	1,089.1	1,391.0	2,480.1
July	1,096.3	1,395.2	2,491.5
August	1,104.0	1,494.0	2,598.0
September	1,111.9	1,502.2	2,614.1
October	1,123.7	1,520.1	2,643.8
November	1,137.5	1,543.6	2,681.1
December	1,150.8	1,513.7	2,664.5
1966—January	1,112.8	1,449.6	2,562.4
February	1,076.5	1,471.1	2,547.6

SOURCE: Department of Finance.

residents of the United States was not reduced below the position which existed on December 31, 1964. The Canadian banks in fact increased their net asset position vis-à-vis U.S. residents during the year. Moreover, they so drew down their assets and increased their liabilities elsewhere in the world that a net credit of over $400 million accrued to the Canadian balance on capital account as well. This very substantial reversal of earlier movements of short-term funds occurred mainly in the first and second quarters of 1965, after which flows were on a more modest scale.

Two other events which occurred in 1965 had marked effects upon capital flows into and out of Canada. The first was the collapse, in June, of a Canadian finance company whose notes were quite widely held in the United States. A withdrawal by U.S. investors from Canadian finance paper, which had been in progress on a small scale for some months already, was accelerated by this default and continued for the rest of the year, though Canadian finance companies continued to obtain funds abroad in other forms. In August, the announcement of a second major wheat contract with the Soviet Union, to a value of some $450 million, brought an immediate influx of short-term capital in connection with anticipatory exchange transactions by grain houses; as Table 48 shows, this resulted in strengthening of the reserves, which rose by U.S. $123 million in that month and the next, and in the exchange rate for the Canadian dollar. This had reached a low point of about 92 U.S. cents in July, but recovered to a high of around 93 U.S. cents in October, remaining in the neighbourhood of this level until the end of the year.

While official holdings of gold and foreign exchange were virtually unchanged over the year as a whole, having decreased by less than U.S. $10 million, Canada's net creditor position with the International Monetary Fund improved by U.S. $156 million. Other countries drew the equivalent of U.S. $183.4 million net in Canadian dollars of which the Fund obtained $27.5 million by the sale of gold to Canada. Canada also made resources equivalent to U.S. $35.0 million available through the Fund under the General Arrangements to Borrow.

TABLE 49

CHANGES IN IMF HOLDINGS OF CANADIAN DOLLARS DURING 1965

				U.S. $ Million
IMF holdings of Canadian dollars at the end of 1964				367.5
(minus)	Repurchases by Canada (net)	—		
	Drawings of Canadian dollars by other countries (net)	183.4	183.4	
(plus)	Gold sales to Canada by IMF	27.5		
	Borrowings from Canada under the General Arrangements to Borrow	35.0	62.5	
	Net change during 1965			120.9
IMF holdings at the end of 1965				246.6

SOURCE: DBS *Quarterly Estimates of The Canadian Balance of International Payments.* Cat. 67–001.

SOURCE AND DISPOSITION OF SAVING

The national saving and investment account offers in capsule form a summary of the net position of the personal, government, business and foreign sectors discussed in detail in foregoing sections of this review. The revenue and expenditures of each of these main sectors can be reduced to a single figure of net income or saving. Each saving estimate is a residual. Disposable personal income minus personal expenditure equals personal saving; business receipts minus business outlays equals business gross saving; revenues and expenditures of governments on the national accounts basis are reduced to a single surplus or deficit figure; and the difference between exports and imports of goods and services is shown as the net foreign balance on current account. The latter can be regarded either as an additional source of real resources (that is, foreign savings) as shown in Table 50, or as part of national investment. The table also shows the elements of savings and investment in 1965, compared with the preceding year. Finally, the table offers a connecting link between the National Accounts analysis upon which most of the earlier discussion has been based and the discussion of capital markets which follows.

TABLE 50

SOURCES OF SAVING

(Millions of dollars)

—	1964	1965
Personal Saving	2,181	3,098
Business Gross Saving, Total	7,051	7,454
(a) Undistributed corporation profits	1,252	1,466
(b) Capital consumption allowances and miscellaneous valuation adjustments	5,607	6,085
(c) Adjustments on grain transactions	110	− 97
(d) Capital assistance	82	84
Inventory Valuation Adjustment	−121	−330
Government surplus (+) or deficit (−)	−102	+251
Federal	+246	+535
Provincial and Municipal	−348	−284
Deficit on current account with non-residents	+428	+1,141
Residual error	− 45	−183
Total	9,392	11,431

DISPOSITION OF SAVING

(Millions of dollars)

—	1964	1965
Business gross fixed capital formation[1]	8,968	10,424
Value of physical change in inventories	380	824
Residual error	+44	+183
Total	9,392	11,431

[1]Based on unrevised National Accounts data for 1964 and Public and Private Investment Survey for 1965. For revised data in both years, see Table 26.

SOURCE: DBS *The National Accounts*, 1964, and Department of Finance estimates for 1965.

In 1965, total sources of saving, including savings from abroad (that is, resources drawn from abroad in the form of the current account deficit), increased by about $2 billion, sufficient on balance to finance a similar increase in business fixed capital formation and inventories. The principal components of the saving increase, in order of their contribution to the total change in sources of funds, were as follows: a personal saving increase of $900 million; an increase in the use of foreign savings of $700 million; a change from a deficit to a surplus on government transactions, amounting to $350 million; and an increase in business gross saving (including the inventory valuation adjustment) of about $200 million.

While total national saving has been increasing rapidly since the first quarter of 1961, there has been a considerable difference in behaviour of the several components. Personal saving has doubled in the past five years, reaching a level of over $3,000 million in 1965 compared to $1,545 million in 1961, and giving rise to a high saving ratio of nine per cent of disposable income. Part of the increase was due to a higher level of farm incomes resulting from a succession of good crops and exceptional wheat marketings. Some increase in the savings ratio often occurs in periods of rapidly advancing incomes, due to the lag of expenditure behind changes in income. This factor may also account for some of the increased saving in more recent quarters, following upon the personal income tax reduction of mid-1965.

Business saving has two principal components: capital cost allowances and net retained earnings after payment of dividends and taxes. Capital cost allowances, as reported in taxation statistics, show a long term upward trend, as the size of the capital stock increases, as well as some short term variation which causes them to increase more rapidly in cyclical expansions. These allowances have increased by approximately $400 million per year in the past few years. Retained earnings are subject to a great deal of cyclical variation, having quadrupled from a low figure of $400 million (at seasonally adjusted annual rates) in the first quarter of 1961, to a high figure of $1,500 million in the first quarter of 1965. Since then they have been relatively stable. Total business saving, or retained cash flow, increased from $4,900 million in the first quarter of 1961 (seasonally adjusted annual rate), to nearly $7,600 million in the third quarter of 1965. The five year increase averaged over $500 million per year, and continued at approximately the same rate into 1965, as capital cost allowances continued to rise. An offsetting inventory valuation adjustment is made against business gross saving in order to make allowance for that part of recorded business profits which arises from the effect of rising prices on inventory values. The 1965 increase in the inventory valuation adjustment was $200 million.

The government sector position improved in each one of the past five years, slowly at first and then with increasing momentum as total income and expenditure in the remainder of the economy increased. Some tax changes occurred, and the elasticity of certain revenue sources brought increases in revenues which were relatively greater than income changes. At the same time, government costs were increasing, in the forms of wages and materials, and new programmes were being undertaken, as described in the discussions of the government sector and public and private investment. The net result of all of these changes in the government sector was a swing from a combined deficit position of $1,000 million in 1961 to a combined surplus position, presently estimated on the National Accounts basis at $251 million in 1965. The Government of Canada had a surplus of over $500 million in calendar 1965 on this basis, while provincial and municipal governments had a combined deficit approaching $300 million on the same basis. The swing from a combined government deficit to a combined surplus position in

the past year therefore contributed to the supply of national saving. It permitted governments to have less recourse to capital markets, at the time that private businesses were making greater demands on the markets to finance a higher level of investment.

It will be noted that increased business investments considerably exceeded the increases in the retained cash flow of the business sector. Business capital formation was financed to a greater extent by savings from abroad. As already stated, the net current account deficit increased by approximately $700 million in 1965. This development in 1965 contrasts with the continued reduction of foreign deficits which had taken place from 1959 to 1964.

CAPITAL MARKETS

The preceding section on sources and disposition of saving indicates that approximately $2 billion more savings were available for Canadian business investment in 1965 than in 1964. About $700 million of this increase was attributable to foreign savings, as reflected in the widening of Canada's current account deficit in the balance of payments, and over $1.4 billion to domestic saving. In contrast to 1964, when the total increase in domestic saving was supplied by businesses and governments, the major part of the 1965 increase came from personal saving. Despite this substantial increase in total saving, it did not keep pace with increasing demands for investment funds. The high rate of economic expansion recorded in 1965 brought with it heavy demands for credit and, in contrast to 1964 when stable credit conditions prevailed, gave rise to higher interest rates and more selective lending policies.

Increases in government revenues relative to expenditures enabled all levels of governments taken together to reduce their demands on the capital market in 1965. Corporate demands on the market, however, to finance heavy expenditures on fixed assets and inventory increased substantially. Net new issues of corporate securities together with increases in bank loans to corporations in 1965 reflect the heavier dependence by corporations on sources other than internal corporate savings. Net new issues of non-financial corporate securities increased by $264 million to $988 million, and chartered bank loans to businesses, excluding financial companies, increased by $698 million to $5,627 million.

Of particular significance to Canada's capital markets during 1965 were the U.S. balance of payments guidelines announced on February 10, 1965, and the default on its notes of a major Canadian sales finance company in June 1965. The U.S. guidelines, including the revisions in December 1965, as outlined in the section on the Balance of Payments, created some uncertainties initially throughout the capital markets, but the main impact was felt in the short-term market and short-term flows became much less sensitive to covered short-term yield differentials in favour of U.S. investors. The Atlantic Acceptance Corporation default on its obligations, a large proportion of which were held by U.S. investors, was of much more serious consequence to the short-term market. Investor confidence, both at home and abroad, was affected by this event and short-term borrowers, especially sales finance companies, experienced difficulties in raising funds in the market through the balance of 1965. Short-term paper outstanding fell by 25 per cent or by $350 million to $1,069 million during the second half of 1965. Partly offsetting the loss of short-term funds to finance companies in this period was an increase by $170 million or 48 per cent in chartered bank loans to instalment finance companies to a level of $527

CHART 21

CURRENCY OUTSIDE BANKS AND CHARTERED BANK DEPOSITS

Seasonally Adjusted
Average of Wednesdays - Billions of Dollars

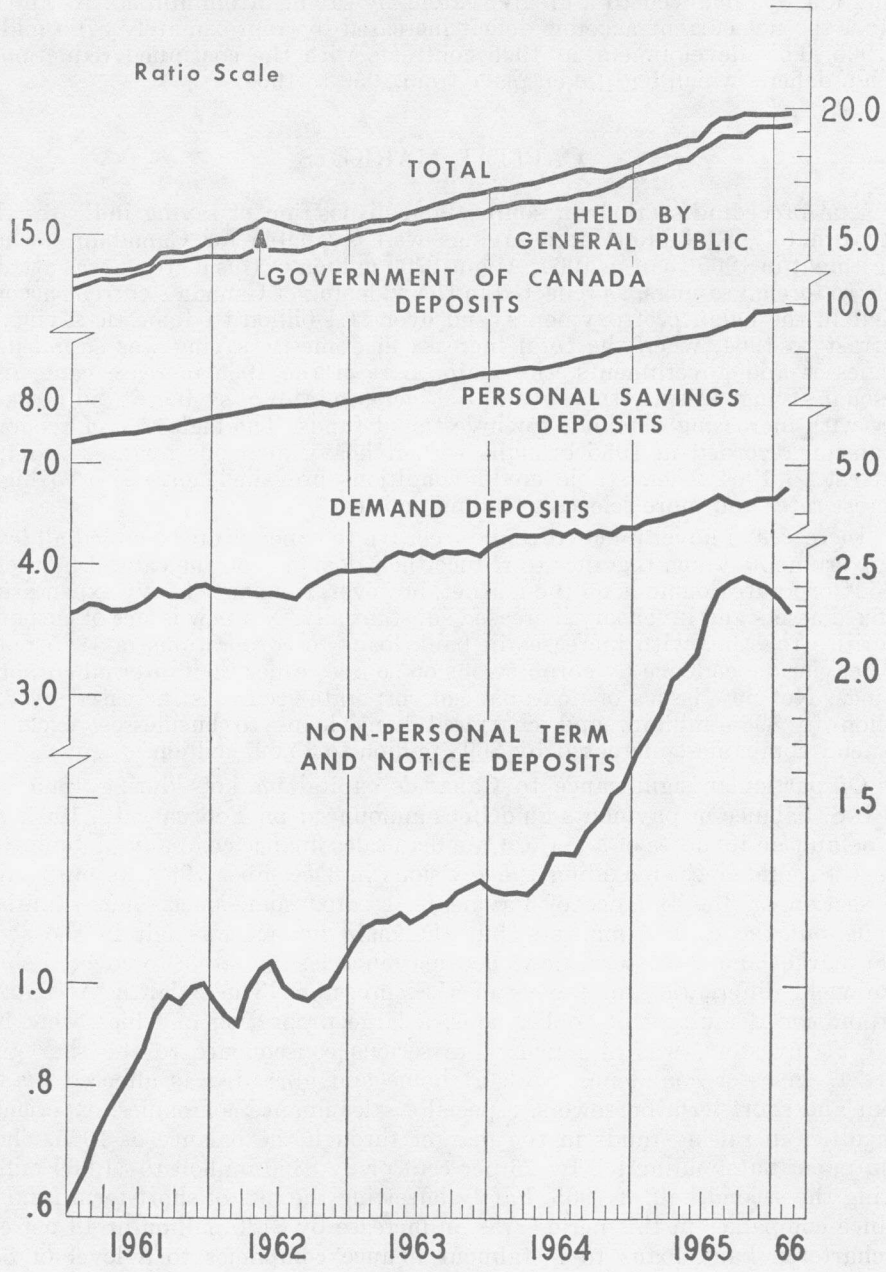
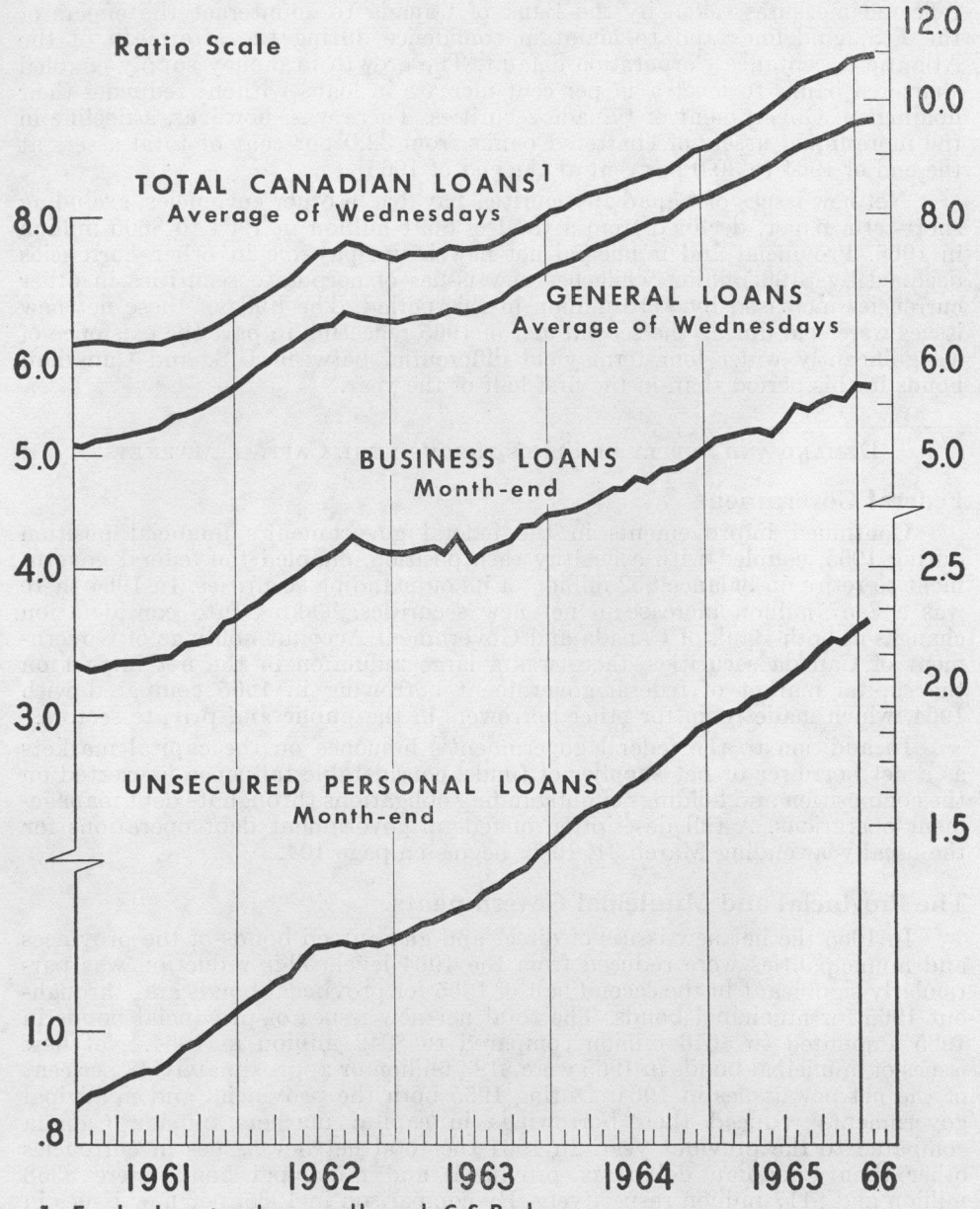


CHART 22

CHARTERED BANK LOANS

Seasonally Adjusted
Monthly - Billions of Dollars



1. Excl. day-to-day, call and C.S.B. loans

million. Net new issues of securities by financial corporations in the last six months of 1965 amounted to $243 million compared with $197 million in the same period of 1964.

During 1965 money supply, defined as total currency and chartered bank deposits, increased by 12 per cent compared with a 6 per cent increase in 1964. While this increase in money supply reflected strong demands for credit it also reflected measures taken by the Bank of Canada to counteract the effects of the U.S. guidelines and to maintain confidence during the aftermath of the Atlantic Acceptance Corporation default. The growth in money supply enabled chartered banks to meet a 17 per cent increase in loans without reducing their holdings of Government of Canada securities. There was, however, a decline in the more liquid assets of chartered banks from 32.0 per cent of total assets at the end of 1964 to 30.0 per cent at the end of 1965.

Net new issues of Canadian securities payable in other currencies, excluding short-term paper, declined from a total of $691 million in 1964 to $606 million in 1965. Provincial and municipal net new issues payable in other currencies declined by $196 million while net new issues of corporate securities in other currencies increased by $110 million in this period. The bulk of these net new issues were sold during the second half of 1965 reflecting in part the existence of a significantly wider long-term yield differential between U.S. and Canadian bonds in this period than in the first half of the year.

Demand and Supply of Funds through the Capital Markets

Federal Government

Continued improvements in the federal government's financial position during 1965, coupled with a healthy cash position, enabled the federal government to retire on balance $52 million of its outstanding securities. In 1964 there was a $457 million increase in net new securities. Taking into consideration changes in both Bank of Canada and Government Account holdings of Government of Canada securities, there was a large reduction in the net impact on the capital market of federal government borrowing in 1965 compared with 1964, which made room for other borrowers in the public and private sectors.

In addition to the federal government's influence on the capital markets as a net borrower or net supplier of funds, considerable influence is exerted on the composition and holdings of outstanding obligations through its debt management operations. A full description of federal government debt operations for the fiscal year ending March 31, 1966, begins on page 104.

The Provincial and Municipal Governments

In 1965 the net new issues of direct and guaranteed bonds of the provinces and municipalities were reduced from the 1964 level. This reduction was particularly significant in the second half of 1965 for provincial bonds and throughout 1965 for municipal bonds. The total net new issues of provincial bonds in 1965 amounted to $646 million compared to $942 million in 1964. Net new issues of municipal bonds in 1965 were $183 million or approximately 48 per cent of the net new issues in 1964. During 1965 both the provincial and municipal governments reduced their borrowings in capital markets outside Canada compared to the previous year. In 1964 the total net new issues in currencies other than Canadian dollars of provincial and municipal bonds were $358 million and $117 million respectively. By comparison in 1965, net new issues in foreign currencies had been reduced to $252 million and $25 million respectively for the provinces and municipalities.

TABLE 51

NET CHANGES IN SECURITIES[1] AND BANK LOANS[2] OUTSTANDING FOR CALENDAR YEARS
(Millions of dollars)

	1962	1963	1964	1965	1964		1965	
					1st half	2nd half	1st half	2nd half
Government of Canada securities	801	827	457	−52	−289	746	−529	477
Provincial governments								
Securities[3]	709	899	941	646	560	382	499	147
Bank loans	−16	18	−18	29	−20	2	−17	46
Sub-total	693	917	923	675	540	384	482	193
Municipal governments								
Securities	243	302	395	183	228	167	77	106
Bank loans	−3	57	62	158	1	61	42	116
Sub-total	240	359	457	341	229	228	119	222
Total Governments	**1,734**	**2,103**	**1,837**	**964**	**480**	**1,358**	**72**	**892**
Private Canadian borrowers								
Corporate bonds	424	583	745	1,068	334	411	559	509
Other bonds	8	29	11	40	10	1	18	22
Corporate stocks	336	−54	328	376	134	194	213	162
Commercial paper	237	144	339	−297	400	−63	61	−359
Bank loans to business and instalment finance companies	526	334	572	925	452	120	581	344
Call and day-to-day loans	138	−84	5	56	−78	83	−36	92
Other bank loans	225	234	417	661	161	256	417	244
Total Private	**1,894**	**1,186**	**2,417**	**2,827**	**1,413**	**1,002**	**1,813**	**1,014**
Grand Total	**3,628**	**3,289**	**4,254**	**3,793**	**1,893**	**2,360**	**1,885**	**1,906**

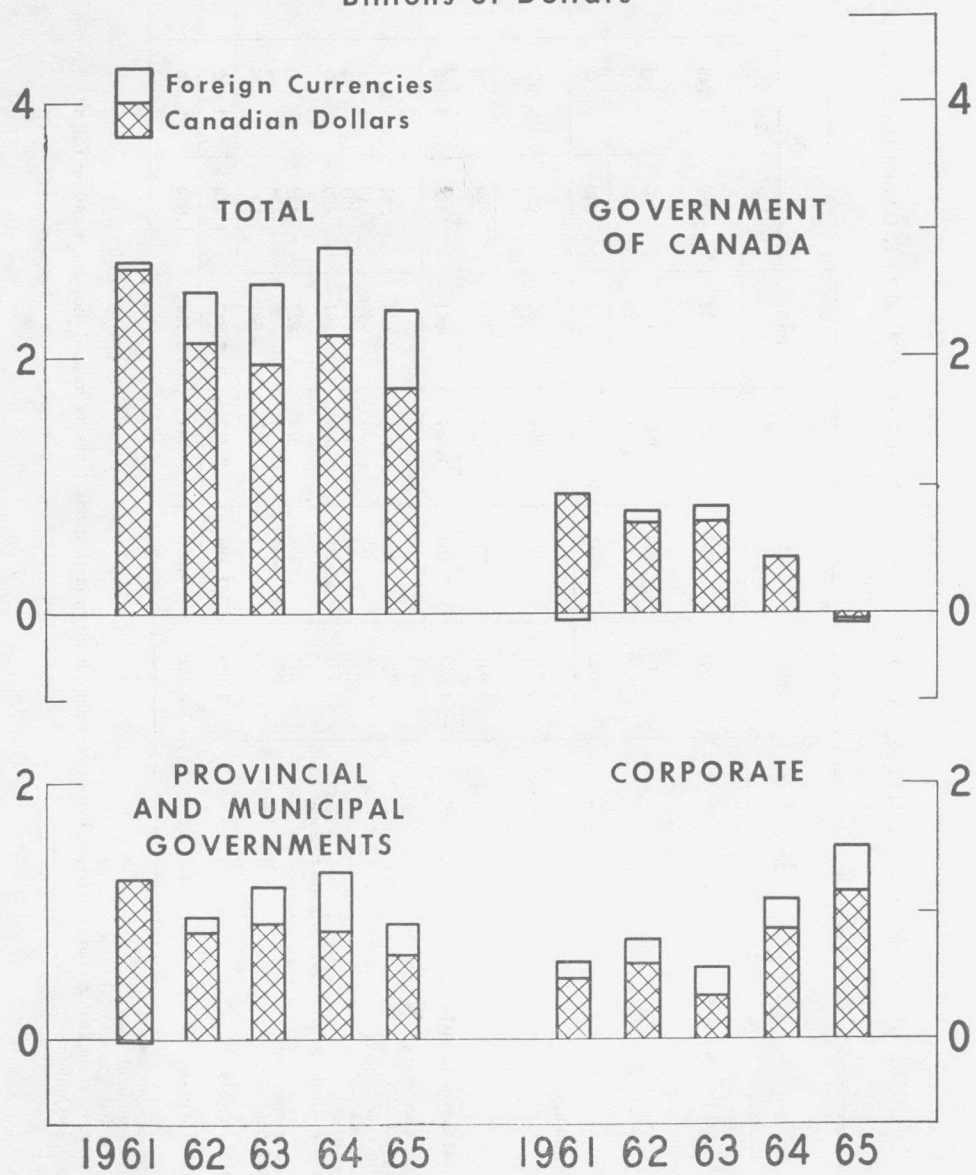
[1] Includes foreign pay issues.
[2] Excludes foreign bank loans.
[3] Includes securities guaranteed by provinces.
[4] Includes loans to grain dealers, personal loans, loans to farmers, loans to institutions, loans for insured mortgages and for Canada Savings Bonds.

SOURCE: Bank of Canada.

CHART 23

NET NEW ISSUES OF SECURITIES

Billions of Dollars



On the other hand, there was during 1965 an increase in bank loans to both the provincial and municipal governments. Bank loans to the provinces increased from $30 million at the end of 1964 to $59 million by the end of 1965. At the same time bank loans to the municipalities increased from $363 million to $521 million by the end of 1965. A significant portion of this municipal borrowing was in anticipation of loans from the Municipal Development and Loans Board.

Corporations

A more rapid increase in business investment outlays than in business savings during 1965 caused businesses to rely more heavily on other sources of funds than in the previous year. As shown in Table 50 business gross fixed capital formation reached about $10.4 billion in 1965, an increase of $1.4 billion over the 1964 level, while business gross saving increased by about $400 million. Within the business sector, corporate savings (retained earnings after tax plus corporate capital cost allowances) increased by approximately $500 million, from $4.4 billion in 1964 to an estimated $4.9 billion in 1965, which is equal to about one third of the increase in corporate investment outlays during 1965. A significant increase in the level of non-farm inventories over 1964 levels had the effect of adding further strain on corporate financial resources.

Additional sources of funds tapped by corporations during the year were mainly increases in net new issues of securities and bank loans. In Table 51 net new issues of corporate bonds and stocks by corporations in 1965 amounted to $1,444 million compared with $1,068 million in 1964, which is equal to a 35 per cent increase over that year. A $325 million or 44 per cent increase in net new issues of corporate bonds from $743 million in 1964 to $1,068 million in 1965 was responsible for the largest proportion of the overall increase in net new corporate securities. About 30 per cent of the net new corporate bond issues were in other currencies compared with 28 per cent in 1964, reflecting a somewhat higher volume of net new corporate bond issue sales abroad. An increase of $48 million or about 15 per cent in net new issues of equity securities, preferred and common stock, took place in 1965.

As a result of the U.S. guidelines and the Atlantic Acceptance Corporation default on its obligations, all corporations, and particularly financial corporations, were forced to rely less on the money market for short-term funds in 1965 than in 1964. Offsetting this, and providing additional funds was the substantial increase in chartered bank business loans to corporations and to finance companies. By the end of 1965 these two categories of loans had increased by 14 per cent and 76 per cent respectively to $5,627 million and $527 million.

Mortgage Credit

Lending institutions, Central Mortgage and Housing Corporation, and private, committed $3,015 million on mortgages for new and existing residences and other property in 1965. The increase in total commitments was 12 per cent, less than half the 26 per cent increase in each of the two preceding years. (See Table 52.) There was a deceleration in the commitment of funds to the housing sector in the second half of 1965. This reflected, amongst several factors, the very high rate of conventional mortgage approvals a year ago, physical shortages in the construction field, stiffening financial conditions following the mid-year disturbances in Canadian financial markets and the rise in interest rates in North America in the latter half of the year.

The Budget—Appendix

The winter housebuilding incentive scheme, accompanied by the provision of mortgage funds through CMHC, was successfully repeated in the winter of 1965-66. CMHC once again temporarily relaxed existing policy by making direct loans available to merchant builders without the requirement that the houses must have been pre-sold. Preliminary information indicates that applications received under the 1965-66 programme are 2 per cent down from the corresponding total of last winter. Applications approved in 1964-65 totalled 33,579 dwelling units.

Reflecting the general uptrend in interest rates in North America, Canadian conventional mortgage rates on prime property rose from 6¾–7 per cent early in 1965 to 7½–8 per cent, and in some cases higher, by the end of the year. Early in 1966 the NHA rate was raised from 6¼ per cent to 6¾ per cent.

TABLE 52

MORTGAGE LOAN COMMITMENTS BY CENTRAL MORTGAGE AND HOUSING CORPORATION AND PRIVATE INSTITUTIONS

	1961	1962	1963	1964	1965
	(Millions of dollars)				
Mortgage Loans Approved under National Housing Act					
CMHC direct					
Single detached	225	152	253	312	367
Apartments and other	46	20	49	65	95[1]
Sub-total	271	172	302	377	462
Approved Lenders					
Single detached	321	316	281	178	129
Apartments and other	132	96	104	175	191
Sub-total	453	412	385	353	320
Total	724	584	687	730	782
Conventional Mortgage Approvals					
New residences					
Single detached	174	187	250	294	356
Apartments and other	158	264	402	518	547
Existing residences					
Single detached	215	256	306	443	539
Apartments and other	85	102	124	197	210
Commercial and other	298	311	373	507	581
Total conventional	930	1,120	1,455	1,959	2,233
Grand Total	1,654	1,704	2,142	2,689	3,015
of which:					
Single residences new	720	655	784	784	852
Apartment residences, etc. new	336	380	555	758	833
Total residential new	1,056	1,035	1,339	1,542	1,685

[1]In addition to direct CMHC loans which refer only to new construction, CMHC also made rental loans for $22 million for existing multiple dwellings.

SOURCE: Central Mortgage and Housing Corporation.

Consumer Credit

Last year, buoyed by a 9.6 per cent increase in personal income after taxes from the corresponding first nine months of calendar year 1964, personal spending on goods and services rose by 7.3 per cent. There was also a substantial gain in personal holdings of financial assets. In an environment of confidence about future prospects, persons increased their short-term liabilities in 1965 to a level 13.9 per cent above that of a year earlier.

Through most of 1964 consumer credit expanded at an annual rate between 14.5 and 16.5 per cent. In the first half of 1965 it decelerated slightly, then rose again to an annual rate of 16.1 per cent in the third quarter.

TABLE 53

CONSUMER CREDIT

Amount outstanding seasonally adjusted	1964				1965			
	March	June	Sept.	Dec.	March	June	Sept.	Dec.
	(Millions of dollars)							
Chartered banks	1,497	1,672	1,736	1,793	1,848	2,064	2,150	2,186
Sales finance companies	886	996	1,038	1,035	1,023	1,099	1,136	1,140
Consumer loan companies	796	837	866	904	925	975	994	1,029
Quebec Savings Banks	14	14	15	15	17	18	17	16
Life insurance companies	388	392	396	398	400	402	405	407
Retail dealers[1]	620	626	643	727	668	667	696	794
Sub-total	**4,201**	**4,537**	**4,694**	**4,872**	**4,881**	**5,225**	**5,398**	**5,572**
Other retail[2]	426	435	445	479	430	438	457	482
Credit unions and caisses	n.a.	n.a.	n.a.	840	n.a.	n.a.	n.a.	n.a.

n.a. not available.

[1]Includes department stores, furniture and appliance dealers and the instalment credit of motor vehicle dealers.

[2]Includes oil companies credit cards.

SOURCES: Bank of Canada, Department of Insurance, Department of Finance, DBS, and Department of Agriculture.

Sources and Application of Funds—Private Financial Institutions

A consolidation of the assets and liabilities of deposit-accepting institutions is shown in Tables 54 and 55, and the percentage distribution of these assets and liabilities in Tables 56 and 57. The deposit-accepting institutions covered are the chartered banks, Québec savings banks, trust companies and mortgage loan companies; caisses populaires and credit unions are excluded only because quarterly data on their operations is not available. Term liabilities of deposit-accepting institutions grew rapidly in 1965, in continuation of a trend which was apparent in 1964. In particular, the total of non-chequable, term and notice deposits and debentures and certificates rose much faster than the total of notes and chequable deposits. As a result, "other deposits and deposit-type liabilities" were 21.1 per cent of total liabilities at the end of 1965 as compared with 18.5 per cent and 16.1 per cent at December 31, 1964 and December 31, 1963 respectively.

This increase in term liabilities enabled deposit-accepting institutions to meet strong demands for loans and mortgages. Their loans and holdings of mortgages expanded by $1,972 million and $983 million respectively in 1965, as compared with corresponding increases of $1,056 million and $589 million in 1964. Because of these changes, the proportion of their assets held in the form of loans and mortgages rose to 50.1 per cent in 1963, to 54.1 per cent in 1964 and to 58.3 per cent in 1965. The highest rate of growth occurred in holdings of

mortgages, which rose from 15.4 per cent of total assets at December 31, 1964 to 17.1 per cent at the end of 1965; this increase reflected both the high demand for mortgages and the attraction for deposit-accepting institutions of the high rates of interest on mortgages.

To finance the expansion of their loans and holdings of mortgages, deposit-accepting institutions used the additional funds made available by depositors and purchasers of their certificates and debentures; they also refrained from making any substantial additions to their holdings of government bonds even though net new issues of federal, provincial and municipal bonds totalled $775 million for the year. As a result, government bonds fell from 33.5 per cent to 30.1 per cent of their total assets during 1965. In this regard, deposit-accepting institutions were continuing a trend already in force in 1964 when their holdings of government bonds showed little change and when the proportion of such bonds fell from 36.1 to 33.5 per cent of total assets.

With the increase in the proportions of their assets held in the form of loans and mortgages to over 55 per cent and the decline in their holdings of government bonds to 30.1 per cent, deposit-accepting institutions during 1965 approached a point where further extensions in their loans and holdings of mortgages had become more dependent upon the expansion of their deposits and other deposit-type liabilities. To some extent, this higher proportion of assets held in loans and mortgages had been made possible because of the increases in the proportion of their liabilities accounted for by term and notice deposits. This proportion cannot, however, be increased indefinitely without affecting the cash flows and liquidity of these institutions.

Table 54 indicates that the institutions covered by this analysis increased their loans to governments, businesses and individuals by approximately $2 billion in 1965 and their loans against mortgages by approximately $1 billion. Holdings of treasury bills, bonds, equities and other securities remained virtually unchanged at the end of the year.

The main private financial institutions not covered by the above analysis are the insurance companies and pension funds. These institutions are mainly concerned with gathering savings on a contractual basis and are among the most important investors in long-term securities and other longer term obligations in Canada. Life insurance companies and trusteed pension funds account for the bulk of the total assets in this group.

During 1965, the Canadian assets of sixteen life insurance companies[1], which account for about 84 per cent of total net premium income in Canada, increased by about $600 million. Funds financing this increase arose mainly out of insurance operations in Canada (net premium income) together with about $44 million transferred from earnings abroad. The sixteen life insurance companies were net sellers of government securities during 1965. Portfolio investments in Government of Canada bonds were reduced by $77 million and holdings of provincial and municipal bonds were reduced by $16 million and $4 million respectively. Funds obtained from disinvestment in these securities helped in part to finance the increase in holdings of other securities. Insurance companies, like the deposit-accepting institutions analyzed above, have been increasing the proportion of their assets held in the form of mortgage loans and sales agreements. In 1965 the net increase in assets held in this form totalled $390 million. Net investment in corporate bonds amounted to $191 million and net investment in corporate stocks amounted to $48 million.

[1]Statistical data up to the end of June 1965 are based upon cash transactions by 12 insurance companies representing about 74 per cent of net premium income for all companies and thereafter the data relate to 16 insurance companies representing about 84 per cent of such net premium income. The figures quoted will therefore tend to understate asset increases.

TABLE 54

ASSETS OF DEPOSIT-ACCEPTING INSTITUTIONS[1]

(In millions of dollars)

	1963	1964				1965			
	31st December	31st March	30th June	30th September	31st December	31st March	30th June	30th September	31st December[2]
Loans:									
Canadian day to day loans	253	163	193	258	253	167	213	265	251
Call and short loans	145	93	127	120	150	165	154	203	208
To instalment finance companies	302	279	295	243	299	288	357	425	527
To other businesses	5,186	5,329	5,658	5,734	5,762	6,058	6,480	6,624	6,850
To individuals	2,254	2,228	2,381	2,408	2,660	2,710	2,869	2,924	3,050
To non-profit institutions	234	232	241	247	262	246	268	269	285
To provinces	48	33	28	54	30	14	13	35	59
To municipalities	301	374	302	303	363	465	405	446	521
	8,723	8,731	9,225	9,367	9,779	10,113	10,759	11,191	11,751
Mortgages	3,302	3,421	3,573	3,725	3,891	4,094	4,344	4,619	4,874
Government bonds									
Govt. of Canada treasury bills	1,778	1,719	1,662	1,725	1,756	1,797	1,747	1,824	1,880
Govt. of Canada bonds	5,655	5,651	5,553	5,467	5,562	5,532	5,687	5,581	5,580
Provincial bonds	653	666	655	630	655	677	675	636	625
Municipal bonds	445	473	489	482	480	506	502	488	500
	8,531	8,509	8,359	8,304	8,435	8,512	8,611	8,529	8,585
Other securities									
Short term notes[3]	112	240	267	236	159	315	343	260	250
Industrial Development Bank debentures and stock	184	187	194	200	213	219	226	229	240
Other corporate bonds	709	738	750	757	753	761	795	815	830
Stocks	117	119	125	121	124	124	138	135	140
	1,122	1,284	1,336	1,314	1,249	1,419	1,502	1,439	1,460
Assets abroad (net)	102	73	−9	−20	101	168	30	3	75
All other assets	1,854	1,815	1,622	1,572	1,796	1,724	1,775	1,737	1,795
Total	**23,634**	**23,833**	**24,106**	**24,262**	**25,269**	**26,030**	**27,021**	**27,518**	**28,540**

[1] Excluding credit unions and caisses populaires.
[2] Estimated.
[3] Of sales finance and other companies.
SOURCE: DBS, and Bank of Canada.

TABLE 55

LIABILITIES OF DEPOSIT-ACCEPTING INSTITUTIONS[1]

(In millions of dollars)

	1963	1964				1965			
	31st December	31st March	30th June	30th September	31st December	31st March	30th June	30th September	31st December[2]
Bank of Canada Notes	1,886	1,845	1,916	1,920	2,026	1,938	2,053	2,071	2,153
Chequable deposits of:									
Government of Canada	969	833	829	430	773	683	674	518	804
Provincial governments[3]	183	224	208	170	204	267	360	344	344
Other financial institutions	88	112	103	108	122	120	143	156	165
Other Canadian residents[4]	14,405	14,290	14,408	14,692	14,913	14,937	15,371	15,763	16,125
Total Chequable Deposits	**15,645**	**15,459**	**15,548**	**15,400**	**16,012**	**16,007**	**16,548**	**16,781**	**17,438**
Other deposits and deposit-type liabilities:									
Non-chequable demand deposits	489	579	609	642	710	733	767	748	760
Term deposits, G.I.C.'s, debentures and instalment certificates	2,124	2,267	2,367	2,396	2,458	2,723	2,832	2,925	3,015
Other notice deposits	1,191	1,224	1,369	1,445	1,505	1,818	2,031	2,186	2,044
Total Non-Chequable and Time Deposits	**3,804**	**4,070**	**4,345**	**4,483**	**4,673**	**5,274**	**5,630**	**5,859**	**6,019**
Deposit and deposit-type liabilities to non-residents	231	287	211	227	221	233	215	196	200
Total deposit and deposit-type liabilities	21,566	21,661	22,020	22,030	22,932	23,452	24,446	24,907	25,810
Shareholders' equity	1,613	1,651	1,658	1,679	1,708	1,743	1,761	1,799	1,880
All other liabilities	455	521	428	553	629	835	814	812	850
Total	**23,634**	**23,833**	**24,106**	**24,262**	**25,269**	**26,030**	**27,021**	**27,518**	**28,540**

[1] Excluding credit unions and caisses populaires.

[2] Estimated.

[3] Includes non-chequable deposits.

[4] Includes demand and savings deposits at chartered banks and chequable demand deposits at trust and loan companies.

SOURCE: DBS, and Bank of Canada.

TABLE 56

ASSETS OF DEPOSIT-ACCEPTING INSTITUTIONS

(Percentage distribution)

—	1963	1964				1965			
	31st December	31st March	30th June	30th September	31st December	31st March	30th June	30th September	31st December
Loans:									
Canadian day-to-day loans	1.07	0.68	0.80	1.06	1.00	0.64	0.79	0.96	0.88
Call and short loans	0.61	0.39	0.53	0.49	0.59	0.63	0.57	0.74	0.73
To Instalment Finance Companies	1.28	1.17	1.22	1.00	1.18	1.11	1.32	1.54	1.85
To other businesses	21.94	22.36	23.47	23.63	22.80	23.27	23.98	24.07	24.00
To individuals	9.54	9.35	9.88	9.92	10.53	10.41	10.62	10.63	10.67
To non-profit institutions	0.99	0.97	1.00	1.02	1.04	0.95	0.99	0.98	1.00
To provinces	0.20	0.14	0.12	0.22	0.12	0.05	0.05	0.13	0.21
To municipalities	1.27	1.57	1.25	1.25	1.44	1.79	1.50	1.62	1.83
	36.91	36.63	38.27	38.61	38.70	38.85	39.82	40.67	41.17
Mortgages	13.97	14.35	14.82	15.35	15.40	15.73	16.08	16.79	17.08
Government bonds									
Government of Canada treasury bills	7.52	7.21	6.89	7.11	6.95	6.90	6.47	6.63	6.59
Government of Canada bonds	23.93	23.71	23.04	22.53	22.01	21.25	21.05	20.28	19.55
Provincial bonds	2.76	2.79	2.72	2.60	2.51	2.60	2.50	2.31	2.19
Municipal bonds	1.88	1.98	2.03	1.99	1.90	1.94	1.86	1.77	1.75
	36.10	35.70	34.68	34.23	33.45	32.70	31.87	30.99	30.08
Other securities									
Short-term notes	0.47	1.01	1.11	0.97	0.63	1.21	1.27	0.94	0.88
Industrial Development Bank debentures and stock	0.78	0.78	0.80	0.82	0.84	0.84	0.84	0.83	0.84
Other corporate bonds	3.00	3.10	3.11	3.12	2.98	2.92	2.94	2.96	2.91
Stocks	0.50	0.50	0.52	0.50	0.49	0.48	0.51	0.49	0.49
	4.75	5.39	5.54	5.41	4.94	5.45	5.22	5.23	5.12
Assets abroad (net)	0.43	0.31	−0.04	−0.08	0.40	0.65	0.11	0.01	0.26
All other assets	7.84	7.62	6.73	6.48	7.11	6.62	6.57	6.31	6.29
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

SOURCE: DBS, and Bank of Canada.

TABLE 57

LIABILITIES OF DEPOSIT-ACCEPTING INSTITUTIONS[1]

(Percentage distribution)

	1963	1964				1965			
	31st December	31st March	30th June	30th September	31st December	31st March	30th June	30th September	31st December
Bank of Canada Notes	7.98	7.74	7.95	7.91	8.02	7.45	7.60	7.53	7.54
Chequable deposits of:									
Government of Canada	4.10	3.50	3.44	1.77	3.06	2.62	2.49	1.88	2.82
Provincial Governments	.77	.94	.86	.70	.81	1.03	1.33	1.25	1.21
Other Financial Institutions	.37	.47	.43	.45	.48	.46	.53	.57	.58
Other Canadian residents	60.95	59.96	59.77	60.56	59.02	57.38	56.89	57.28	56.50
Total Chequable Deposits	**66.20**	**64.86**	**64.50**	**63.48**	**63.37**	**61.49**	**61.24**	**60.98**	**61.11**
Other deposits and deposit-type liabilities:									
Non-chequable demand deposits	2.07	2.43	2.53	2.65	2.81	2.82	2.84	2.72	2.66
Term deposits, G.I.C.'s, debentures and instalment certificates	8.99	9.51	9.82	9.88	9.73	10.46	10.48	10.63	11.27
Other notice deposits	5.04	5.14	5.68	5.96	5.96	6.98	7.52	7.94	7.16
Total Non-chequable and Time Deposits	**16.10**	**17.08**	**18.02**	**18.48**	**18.50**	**20.26**	**20.84**	**21.29**	**21.09**
Deposits and deposit-type liabilities to non-residents	.98	1.20	.88	.94	.87	.90	.80	.71	.70
Total deposit and deposit-type liabilities	91.25	90.89	91.35	90.80	90.75	90.10	90.47	90.51	90.44
Shareholders' Equity	6.82	6.93	6.88	6.92	6.76	6.70	6.52	6.54	6.58
All Other Liabilities	1.93	2.19	1.64	2.28	2.49	3.20	3.01	2.95	2.98
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

[1]See footnotes Table 55.

SOURCE: DBS, and Bank of Canada.

Federal Government Debt Operations

(Fiscal year ending March 31, 1966)

In the budget speech of April 26, 1965, a budgetary deficit of $300 million, a non-budgetary deficit of $225 million assuming no Exchange Fund charges, and total cash requirements of $525 million were forecast. Government of Canada marketable securities, excluding regular weekly issues of three month and six month treasury bills, scheduled to mature within the fiscal year 1965–66 amounted to $1,705 million.

As a result of a higher rate of economic expansion than had been anticipated, federal government budgetary revenues are now expected to exceed the original forecast by almost $300 million while budgetary expenditures are expected to remain close to original estimates. The resulting net decrease in the budgetary deficit is partially offset by a significant increase in the original non-budgetary deficit estimate. Part of this increase has resulted from Exchange Fund transactions. Total cash requirements, before debt changes, are expected to be about $100 million lower than the original estimate made in the April 1965 budget.

There were several changes in the federal government's unmatured debt during the past fiscal year, the net effect of which produced an increase in such debt amounting to $160 million. The bulk of this increase as shown in Table 58 came from net sales of Canada Savings Bonds which amounted to $205 million. Outstanding marketable securities, excluding Treasury Bills, declined by $155 million. The increase in cash provided by the net increase in unmatured debt helped to meet a good portion of the federal government's cash requirements. A decline in the federal government's cash balance from $681 million at the end of March, 1965, to about $600 million at the end of March, 1966, will finance the balance of the federal government's cash requirements.

TABLE 58

SUMMARY OF PROJECTED CHANGES IN GOVERNMENT SECURITIES OUTSTANDING FOR THE YEAR ENDING MARCH 31, 1966.

	(Millions of dollars)	
	Increase	Decrease
Treasury Bills—weekly	10	
Canada Savings Bonds	205	
Unemployment Insurance Fund	100	
Marketable Securities	.....	155
	315	155
	−155	
	160	

Federal government cash balances throughout the 1965–66 fiscal year have generally been high enough to allow considerable flexibility in formulating debt management policies. The overriding consideration in debt management during this period has been the desire to complement monetary and fiscal policies. Subordinated to this consideration but nevertheless playing important roles in determining the size and frequency of issues, maturity lengths, coupon rates and prices have been the general debt management aims of achieving a broader market, of extending maturity lengths when possible, and of providing greater flexibility in future debt management operations.

The Budget—Appendix

During the first quarter of calendar 1965, Canada's bond and money markets became unsettled. The United States' balance of payments programme, introduced on February 10, 1965, which asked U.S. banks, financial institutions and other businesses to reduce voluntarily their foreign lending and investment activities, had a particularly unsettling effect on Canada's bond and money markets. Also having a bearing on general market conditions at this time was the build-up of a heavy calendar of new corporate and provincial bond issues. On April 1, 1965 $200 million Government of Canada 4¼ per cent bonds matured. It was decided to refund $175 million only of the maturing issue. The refunding issue had a maturity length of 2 years 6 months and was an addition to the outstanding 3¾ per cent bonds due October 1, 1967. Details of this and other new Government of Canada bond issues floated during the fiscal year are shown in Table 59.

In the weeks following the April 1 refunding issue, upward pressures on short-term rates became increasingly evident, reflecting in part the effects of the U.S. guidelines. Upward adjustments in long-term yields also occurred when the previously anticipated heavy calendar of new provincial and corporate bond issues began to materialize. $400 million Government of Canada 3½ per cent bonds matured on July 1, 1965. This issue was refunded in part by a new $325 million bond issue in three tranches, ranging in maturity length from ten months to five years and open as to amount in each maturity.

In the intervening period between the July 1 bond issue and the September 1 issue a sequence of events brought about a further change in monetary conditions. A major disturbance occurred on June 14, 1965, when Atlantic Acceptance Corporation defaulted on its obligations. This event had a severe impact on the financial system in general and on Canada's rapidly growing money market in particular. Despite the sizeable increases in money supply which occurred as a result of Bank of Canada attempts to meet the situation in the money market, upward pressures on interest rates developed. The mid-year review of capital spending intentions indicated an 18.6 per cent increase over 1964 expenditures instead of the original 13.7 per cent estimate. It was recognized that realization of these capital spending intentions could create strains on the economy and lead to a further widening in the balance of payments deficit on current account. Cost pressures began to appear in the construction industry. An announcement was made by the Prime Minister at the beginning of August to the effect that the Government was deferring certain construction projects in order to alleviate pressures of demand on the construction industry. Heavy demands for funds were mainly responsible for the further increase in yields which occurred during this period.

On September 1, 1965, $450 million 3¾ per cent Government of Canada bonds were due to mature. The full amount of $450 million was refunded. As shown in Table 59, the new refunding issue was in three tranches including the first long-term maturity of the year—$100 million 5¼ per cent bonds due May 1, 1990 and having a maturity length of 24 years 8 months.

The outlook for the Canadian economy changed little over the remaining months of the year. Consumer and business opinion continued to be decisively optimistic. In choosing refunding issues to meet $325 million 3½ per cent bonds due December 1, 1965 and $330 million 3½ per cent bonds due February 1, 1966, however, several other important factors also had to be considered. In the three week period immediately preceding the announcement of the December 1 refunding a substantial upward adjustment in Canadian bond yields took place in all maturities. Increasing concern that Canadian exemption from the U.S. Interest Equalization Tax and her special position under the U.S. guidelines were endangered, a weaker U.S. bond market and a relatively poor response to

TABLE 59

DETAILS OF NEW ISSUES AND RETIREMENTS OF GOVERNMENT OF CANADA
DIRECT AND GUARANTEED BONDS FROM JANUARY 1, 1965 TO MARCH 31, 1966

Date of Issue	Maturing Bonds	Amount ($ millions par value)	New Bonds	Amount ($ millions par value)	Net Change in Amount Outstanding	Term of New Bonds	Price at Issue (%)	Yield at Issue (%)
1965								
Jan. 29	3¾% Sept. 1, 1965	175	—	—	−175			
Feb. 1	3½% Feb. 1, 1965	415	3½% May 1, 1966	175	+ 35	1 yr. 3 mos.	99.20	4.16
			5% Oct. 1, 1973	275		8 yrs. 8 mos.	100.00	5.00
Mar. 25	3¾% Sept. 1, 1965	125	—		−125			
April 1	4¼% April 1, 1965	200	3¾% Oct. 1, 1967	175	− 25	2 yrs. 6 mos.	98.55	4.37
April 15	5% Oct. 15, 1987[1]	3	—		− 3			
July 1	3½% July 1, 1965	400	3½% May 1, 1966	150		1 yr. 10 mos.	99.33	4.32
			4¼% June 1, 1967	50	− 75	1 yr. 11 mos.	99.50	4.52
			5% July 1, 1970	125		5 years	99.75	5.06
Sept. 1	3¾% Sept. 1, 1965	450	3¾% Sept. 1, 1966	205		1 year	99.00	4.79
			5½% Oct. 1, 1969	145	0	4 yrs. 1 mo.	100.75	5.29
			5¼% May 1, 1990	100		24 yrs. 8 mos.	98.50	5.36
Oct. 15	5% Oct. 15, 1987[1]	3	—		− 3			
Dec. 1	3½% Dec. 1, 1965	325	4% Dec. 15, 1966	150		1 yr. ½ mo.	98.85	5.15
			5½% April 1, 1969	100	− 25	3 yrs. 4 mos.	100.25	5.41
			5½% Oct. 1, 1975	50		9 yrs. 10 mos.	100.00	5.50
	Totals (Calendar 1965)	2,095		1,700	−396			
1966								
Jan. 3	C.N.R. 3% Jan. 3, 1966	35			− 35			
Feb. 1	3½% Feb. 1, 1966	330	4% April 1, 1967	170		1 yr. 2 mos.	98.70	5.16
			5% July 1, 1970	50	− 30	4 yrs. 5 mos.	98.50	5.38
			5½% Aug. 1, 1980	80		14 yrs. 6 mos.	100.00	5.50
Totals (Fiscal year 1965–66)		1,745		1,550	−195			

[1] This issue was made in New York and bonds of this issue are subject to partial redemption at par for the sinking fund on each interest payment date, commencing with April 15, 1965, in a principal amount equal to U.S. $2,500,000.

new provincial, municipal and corporate bond issues brought to the market in this period all contributed to the widespread expectations that higher bond yields were in the offing. In the light of these developments it was considered desirable to avoid adding to market difficulties. Thus, only $300 million of the maturing $325 million 3½ per cent bonds due December 1, 1965 was refunded and the Bank of Canada agreed to subscribe for a minimum of $100 million of the new issue. Also, investors were offered the choice of three maturities—two short-term and one medium-term, as described in Table 59. The issue was priced on the market to maintain market stability.

Shortly after the December 1, 1965 refunding issue, a revised Balance of Payments programme was announced by the U.S. Government which set out guidelines to non-financial U.S. corporations with respect to their direct investments abroad, including those in Canada. It was reaffirmed, however, that Canadian borrowers would continue to have unlimited access, exempt from the Interest Equalization Tax, to the U.S. market for new issues of long-term securities. Early in December the U.S. Federal Reserve Board approved an increase in the discount rate from 4 per cent to 4½ per cent. The Bank of Canada also increased its Bank Rate from 4¼ per cent to 4¾ per cent and announced that the policy of the Bank would continue to be directed to making provision for the overall credit needs of sound economic growth.

The reaction in the Canadian bond market to these developments was small, in part because of the strong technical position which had emerged over the preceding weeks' bearish atmosphere, and in part because unlimited access by Canadian borrowers to the U.S. long-term market was to continue. A somewhat sharper reaction to the U.S. Federal Reserve Board's announcement took place in the U.S. bond market.

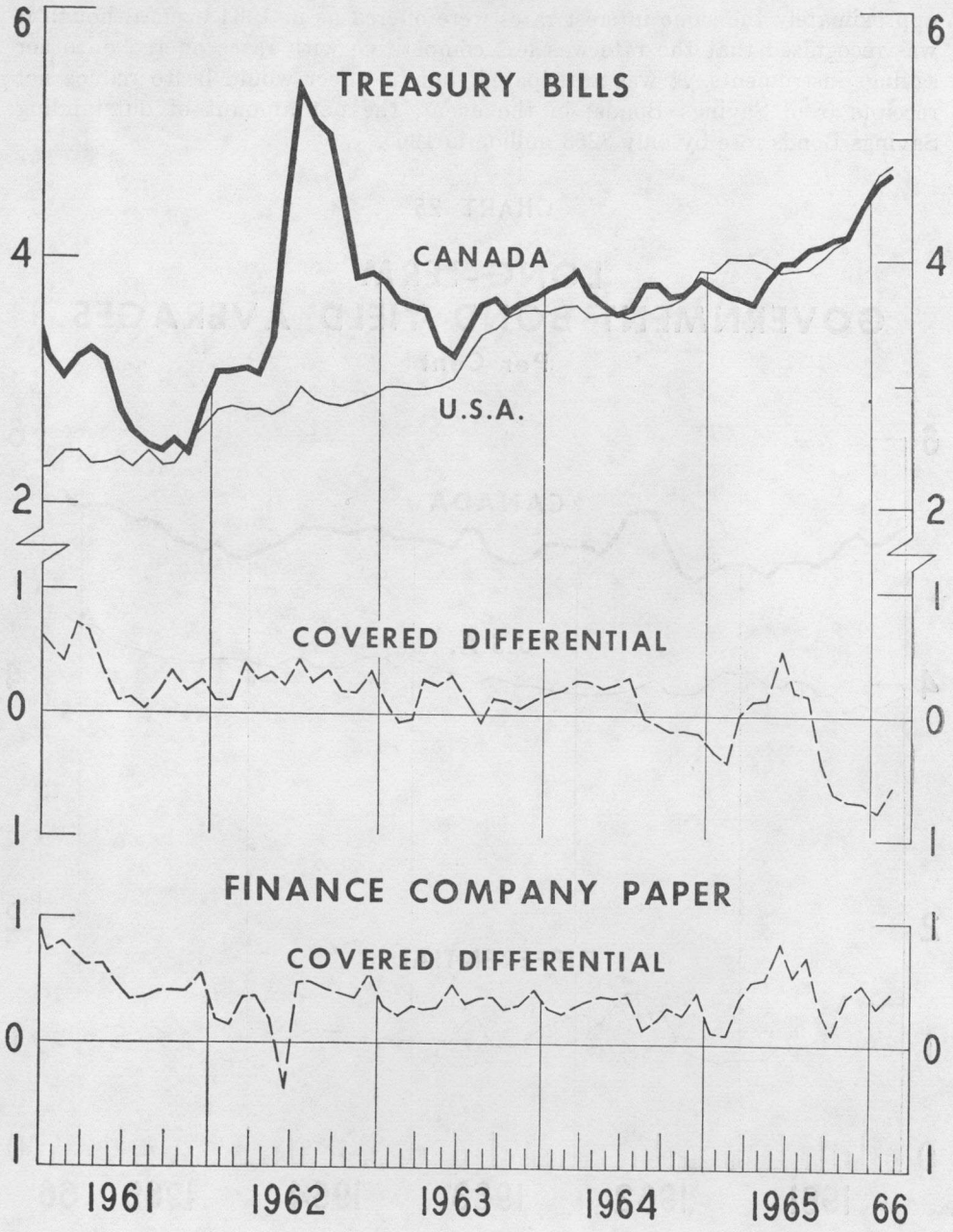
On February 1, 1966, $330 million 3½ per cent bonds were due to mature. Not wishing to upset the relatively delicate stability in Canadian interest rates, which in the face of declining U.S. bond prices was bringing about a narrowing of the yield differential between U.S. and Canadian bonds at a time when first quarter capital inflows were expected to be at a relatively high level, priority was given to designing an issue having a minimum impact on market prices. It was decided to refund $300 million only of the maturing $330 million 3½ per cent bonds due February 1, 1966 and to offer investors a wide choice of maturities. A refunding issue was offered with three maturities, described more fully in Table 59, open as to amount in each maturity and priced close to prevailing market levels. In addition, the Bank of Canada offered to primary distributors $25 million in each of 5 per cent Government of Canada bonds due October 1, 1973 and 5¼ per cent Government of Canada bonds due May 1, 1990 out of its own portfolio in exchange for the new issue. This had the effect of making available an even wider choice to Canadian investors and, since these bonds offered by the Bank of Canada were not exempt from U.S. Interest Equalization Tax, U.S. investor interest was kept to a minimum.

As in previous years, outstanding issues were added to where possible during the fiscal year 1965–66 in order to provide a broader market and to provide greater flexibility in future debt management operations. Of the thirteen new issues during 1965–1966, nine were additions to existing issues and four new maturity dates were opened. In the circumstances, it was not possible to achieve any lengthening of maturity during this period, and the average term to maturity of Government of Canada marketable securities, excluding perpetual bonds, declined from 7 years 11 months to 7 years 9 months.

CHART 24

SELECTED 3 MONTH INTEREST RATES

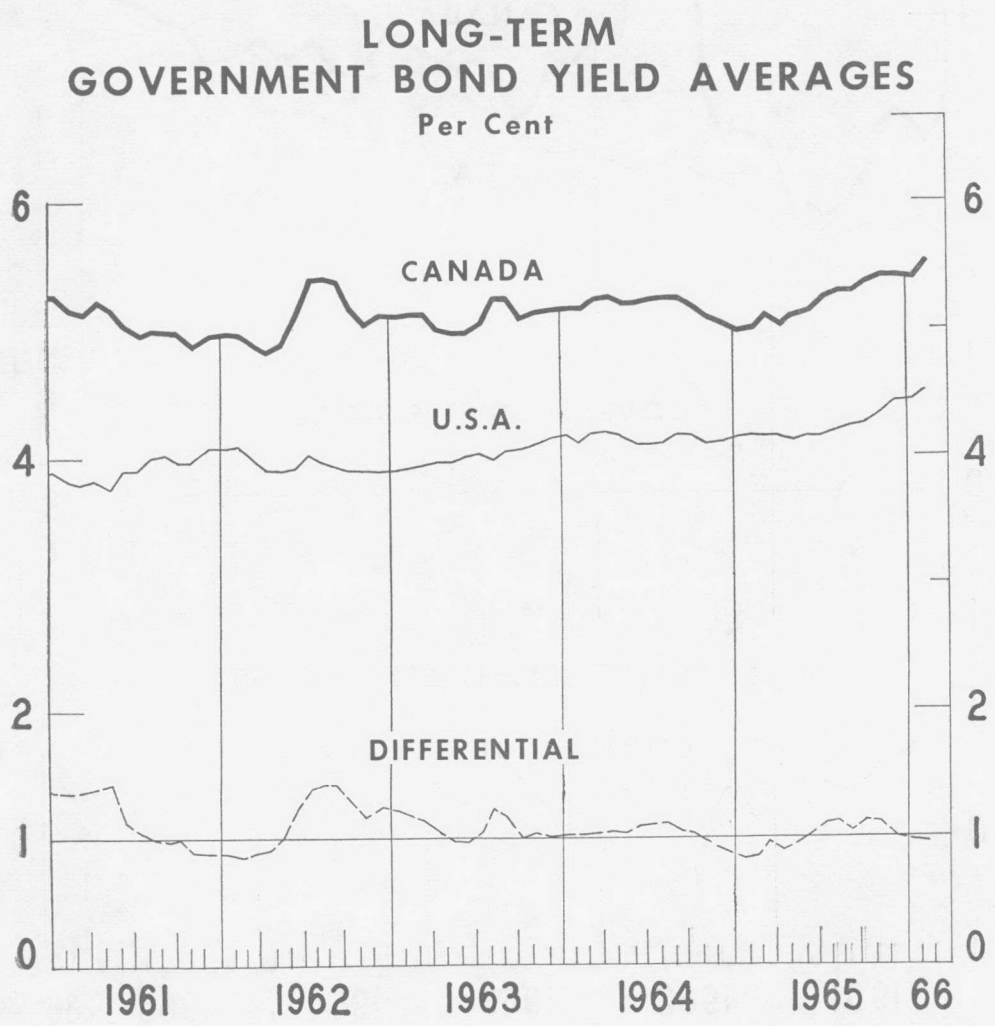
Monthly Averages - Per Cent



The Budget—Appendix

The Canada Savings Bond campaign of 1964 offered an initial interest rate of 4½ per cent and a yield to maturity of 5 per cent per annum. These rates were competitive with those available elsewhere to the general public and the amount of Savings Bonds outstanding increased by $480 million during 1964 to a total of $5,613 million at the end of the year. In planning the 1965 campaign, approximately the same interest rates were offered as in 1964 even although it was recognized that the rate was less competitive with rates offered on other savings instruments. It was anticipated that its effect would be to reduce net receipts from Savings Bonds; in the event, the net amount of outstanding Savings Bonds rose by only $253 million in 1965.

CHART 25



Interest Rates

Table 60 indicates the quarter by quarter changes in interest rates of a broad representative list of investments. The most significant changes which took place in 1965 were the continuous upward adjustments in the general level of interest rates after the first quarter and a flattening of the yield curve associated with the relatively greater increase in short-term rates than in long-term rates.

The upward adjustments in the general level of interest rates reflect the heavier demands for credit associated with the high rate of economic growth achieved in 1965 and a tighter monetary policy posture. In addition to these general developments were two events of particular significance to the short-term market, namely, the U.S. guidelines announced in February and the default of Atlantic Acceptance Corporation in June, which helped to bring about a relatively greater increase in short-term rates of under one year maturity than in the rest of the maturity range. While finance companies were particularly hard pressed to raise funds in the short-term market after June, the undermining of investor confidence brought about by the Atlantic Acceptance Corporation default caused other financial corporations to experience difficulties also. From March 31 to the end of 1965 short-term rates, as represented by prime finance and commercial paper, increased by about 160 basis points while long-term Government of Canada bonds increased by about 40 basis points in yield.

TABLE 60

INTEREST RATES IN 1965

Period to Maturity	Issuer	Investment	1964	1965				Changes in each quarter of 1965				Total Change in 1965
			Dec.	March	June	Sept.	Dec.	1st	2nd	3rd	4th	
30 days	Grain Companies	Grain Paper	4.19	4.19	4.44	4.75	5.13	Nil	+0.25	+0.31	+0.38	+0.94
	Corporations	Bankers' Acceptances	4.38	4.13	4.63	4.88	4.95	−0.25	+0.50	+0.25	+0.07	+0.57
	Finance Companies	Prime Finance Paper:										
		Low	4.14	3.89	4.27	4.87	5.75	−0.25	+0.38	+0.60	+0.88	+1.61
		High	4.39	4.14	4.52	5.02	6.00	−0.25	+0.38	+0.50	+0.98	+1.61
	Corporations	Prime Commerical Paper	4.38	4.13	4.63	4.88	6.00	−0.25	+0.50	+0.25	+1.12	+1.62
	Chartered Banks	Term Deposits	3.63	3.88	4.13	4.25	5.25	+0.25	+0.25	+0.12	+1.00	+1.62
	Trust Companies	G.I.C.'s	3.92	3.92	4.50	4.63	5.38	Nil	+0.58	+0.13	+0.75	+1.46
		Term Deposits	4.00	4.00	4.13	4.75	5.50	Nil	+0.13	+0.62	+0.75	+1.50
90 days	Govt. of Canada	Treasury Bills	3.82	3.62	3.93	4.13	4.56	−0.20	+0.31	+0.20	+0.43	+0.74
	Corporations	Bankers' Acceptances	4.20	3.95	4.15	4.63	5.05	−0.25	+0.20	+0.48	+0.42	+0.85
	Finance Companies	Prime Finance Paper:										
		Low	4.55	4.42	4.81	5.06	5.88	−0.13	+0.39	+0.25	+0.82	+1.33
		High	4.68	4.55	4.93	5.32	6.13	−0.13	+0.38	+0.39	+0.81	+1.45
	Corporations	Prime Commercial Paper	4.63	4.50	4.88	5.13	6.00	−0.13	+0.38	+0.25	+0.87	+1.37
	Chartered Banks	Term Deposits	4.00	4.25	4.37	4.50	5.63	+0.25	+0.12	+0.13	+1.13	+1.63
	Trust Companies	G.I.C.'s	4.25	4.21	4.57	4.76	5.56	−0.04	+0.36	+0.19	+0.80	+1.31
		Term Deposits	4.38	4.38	4.50	4.88	5.75	Nil	+0.12	+0.38	+0.87	+1.37
180 days	Govt. of Canada	Treasury Bills	3.96	3.73	4.04	4.35	4.78	−0.23	+0.31	+0.31	+0.43	+0.82
	Chartered Banks	Term Deposits	4.13	4.38	4.50	4.63	5.63	+0.25	+0.12	+0.13	+1.00	+1.50
	Trust Companies	G.I.C.'s	4.46	4.34	4.69	4.94	5.58	−0.12	+0.35	+0.25	+0.64	+1.12
		Term Deposits	4.50	4.50	4.63	5.00	5.75	Nil	+0.13	+0.37	+0.75	+1.25
One Year	Chartered Banks	Term Deposits	4.75	4.75	5.00	5.00	5.63	Nil	+0.25	Nil	+0.63	+0.88
	Trust Companies	G.I.C.'s	4.83	4.83	5.00	5.20	5.76	Nil	+0.17	+0.20	+0.56	+0.93
		Term Deposits	5.00	4.88	5.00	5.25	5.75	−0.12	+0.12	+0.25	+0.50	+0.75
1 to 2 Years	Govt. of Canada	Bonds	4.15	4.04	4.32	4.93	5.14	−0.11	+0.28	+0.61	+0.21	+0.99
2 to 3 Years	Govt. of Canada	Bonds	4.30	4.33	4.43	5.01	5.11	+0.03	+0.10	+0.58	+0.10	+0.81
3 to 5 Years	Govt. of Canada	Bonds	4.56	4.57	4.84	5.09	5.25	+0.01	+0.27	+0.25	+0.16	+0.69
5 to 10 Years	Govt. of Canada	Bonds	4.83	4.85	5.10	5.21	5.42	+0.02	+0.25	+0.11	+0.21	+0.59
10 to 15 Years	Govt. of Canada	Bonds	4.97	5.05	5.19	5.32	5.41	+0.08	+0.14	+0.13	+0.09	+0.44
15 to 30 Years	Govt. of Canada	Bonds	5.07	5.09	5.16	5.36	5.45	+0.02	+0.07	+0.20	+0.09	+0.38
Long Term	Provinces	Bonds	5.41	5.41	5.50	5.76	5.90	Nil	+0.09	+0.26	+0.14	+0.49
Long Term	Municipalities	Bonds	5.57	5.55	5.69	5.96	6.03	−0.02	+0.14	+0.27	+0.07	+0.46
Long Term	Public Utilities	Bonds	5.48	5.46	5.63	5.84	6.01	−0.02	+0.17	+0.21	+0.17	+0.53
Long Term	Industrial corporations	Bonds	5.47	5.50	5.64	5.83	6.05	+0.03	+0.14	+0.19	+0.22	+0.58

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1965-66

TABLE OF CONTENTS

	PAGE
Introduction	3524
Highlights of the government's financial operations during 1965-66	3524
Budgetary accounts	3527
Revenue	3528
Expenditure	3536
Assets and liabilities as at March 31, 1966	3566
Summary	3566
Liability accounts	3567
Asset accounts	3576
Net debt	3586
The cash position	3586
The public debt	3589
Supplementary detailed tables	3595

PART II

REVIEW OF GOVERNMENT ACCOUNTS

1965-66

INTRODUCTION

This Part of the Budget Papers presents in summary form a review of the accounts of the Government of Canada for the fiscal year 1965–66. The fiscal year of the government ends on March 31, but under the provisions of section 35 of the Financial Administration Act, for thirty days after the end of each fiscal year, payments for the discharge of debts properly applicable to the old year may be made and charged to that year. Consequently the books must remain open for some time after the fiscal year-end to take into account these payments and to record various adjusting entries. The figures used in this report are based on ten months actual and two months estimated. The final figures when they become available next July or August will vary to some extent from those given in the following pages.

Previous year figures have been adjusted to reflect transfers of duties pursuant to the Public Service Rearrangement and Transfer of Duties Act.

HIGHLIGHTS OF THE GOVERNMENT'S FINANCIAL OPERATIONS DURING 1965–66

This section outlines the financial operations of the government giving a brief summary of the budgetary and non-budgetary transactions, the unmatured debt transactions and the changes in the cash position and the debt position during 1965–66. More detailed explanations of these transactions are given in subsequent sections of this Part.

The following table summarizes the budgetary and non-budgetary transactions for 1965–66 with comparative figures for 1964–65 and indicates how these transactions affect the government's cash balances:

TABLE 1

(in millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ending March 31			
	1966 (estimated)		1965	
Budgetary transactions—				
Revenue—				
Tax	6,832		6,367	
Non-tax	841		813	
	7,673		*7,180*	
Expenditure—				
Defence	1,585		1,586	
Non-defence	6,122		5,632	
	7,707		*7,218*	
Deficit (−)		**−34**		**−38**
Non-budgetary transactions (excluding unmatured debt transactions)—				
Receipts and credits—				
Repayment of temporary loans to old age security fund	25		75	
Repayment of other loans, investments and advances	51		65	
Net annuity, insurance and pension account receipts	705		545	
Other	289		149	
	1,070		*834*	
Disbursements and charges—				
Advances to exchange fund	51		20	
Redemption of non-interest-bearing notes payable on demand	108		219	
Other loans, investments and advances	896		700	
Other	168		279	
	1,223		*1,218*	
Net amount available from or required for (−) non-budgetary transactions		**−153**		**−384**
Overall cash requirements to be financed by increase in unmatured debt or decrease in cash balances		**−187**		**−422**
Net increase in unmatured debt outstanding in the hands of the public		**147**		**275**
Net increase or decrease (−) in Receiver General bank balances		**−40**		**−147**

Budgetary transactions

The budgetary revenue, expenditure and deficit as forecast in the budget speech of April 26, 1965 and the figures as now estimated for the fiscal year 1965–66 are shown in the following table:

TABLE 2

(in millions of dollars)

Budgetary Transactions for Fiscal Year 1965–66	Budget forecast April 26, 1965	Actual (estimated)	Increase or decrease (−) compared with April 26, 1965 forecast	
			Amount	Per cent
Revenue	7,350	7,673	323	4.39
Expenditure	7,650	7,707	57	0.75
Deficit	300	34	−266	

Revenue

Budgetary revenue of the government in the fiscal year 1965–66 is estimated at $7,673 million. This is $323 million or approximately 4½ per cent more than the April 26, 1965 budget forecast and $493 million or 7 per cent more than the total of $7,180 million collected in 1964–65.

Tax revenue accounts for $465 million and non-tax revenue for $28 million of the increase over 1964–65 receipts.

The yield from personal income tax, corporation income tax and the tax on dividends, interest, etc., going abroad is $159 million more than collections in 1964–65 and receipts from the sales tax are $180 million more.

Expenditure

Budgetary expenditure of the government in 1965–66 is estimated at $7,707 million, $57 million or approximately one per cent higher than forecast and $489 million or 7 per cent higher than expenditures in 1964–65.

Defence expenditure at $1,585 million is 21 per cent of total budgetary expenditure, compared with $1,586 million or 22 per cent in 1964–65 and is again the largest category.

Civil or non-defence expenditure at $6,122 million compares with $5,632 million in 1964–65, an increase of $490 million. The main changes are an increase of $115 million in fiscal, subsidy and other payments to provinces and a decrease of $120 million in contributions to provinces under the Hospital Insurance and Diagnostic Services Act due to the fact that Quebec opted out of the program.

Deficit

Expenditure of $7,707 million exceeds revenue of $7,673 million resulting in a deficit of $34 million compared with a deficit of $300 million as forecast on April 26, 1965 and the deficit of $38 million in 1964–65.

Non-budgetary transactions (excluding unmatured debt transactions)

Non-budgetary transactions are those which increase or decrease the government's asset and liability accounts and do not enter into the calculation of the annual budgetary surplus or deficit.

In 1965–66 estimated net disbursements and charges of $1,223 million exceed net receipts and credits of $1,070 million resulting in a net requirement of $153 million. In 1964–65 net receipts and credits totalled $834 million, net disbursements and charges totalled $1,218 million, resulting in a net requirement of $384 million.

Old age security fund

Receipts by the fund during 1965–66 are estimated at $1,163 million and exceed estimated payments of $923 million from the fund by $240 million. In 1964–65 receipts were $960 million and payments were $885 million.

The excess of $240 million of receipts over payments resulted in the liquidation of the $25 million in outstanding temporary loans by the Minister of Finance and a credit balance of $215 million in the old age security fund.

The transactions in the account during 1965–66 compared with those for 1964–65 are as follows:

	Fiscal year ending March 31	
	1966 (estimated)	1965
	(in millions of dollars)	
Tax receipts	1,163	960
Pension payments	923	885
Excess of receipts over payments	240	75
Temporary loans by the Minister of Finance carried forward	−25	−100
Balance in old age security fund	215	−25

Unmatured debt transactions

Unmatured debt transactions in 1965–66 reflect an increase of $147 million in unmatured debt outstanding in the hands of the public compared with an increase of $275 million in 1964–65.

Cash position

Receiver General bank balances are expected to be $642 million at March 31, 1966, a decrease of $40 million from the March 31, 1965 total. (Cash received after March 31 is recorded in the subsequent fiscal year bank accounts.) The decrease in cash balances is the result of the non-budgetary requirements of $153 million plus the budgetary deficit of $34 million partly offset by the increase of $147 million in unmatured debt outstanding in the hands of the public.

Debt position

As a result of these budgetary and non-budgetary transactions the gross public debt increased by $1,044 million to $27,617 million, net recorded assets by $1,010 million to $12,079 million and net debt by $34 million to $15,538 million at March 31, 1966. The increase in net debt reflects the budgetary deficit of $34 million.

THE BUDGETARY ACCOUNTS

Estimated total revenue at $7,673 million for 1965–66 is $493 million more than the total for the previous fiscal year. Estimated total expenditure of $7,707 million is $489 million more than the total for 1964–65. The estimated deficit is $34 million compared with $38 million for the previous fiscal year.

The Budget—Appendix

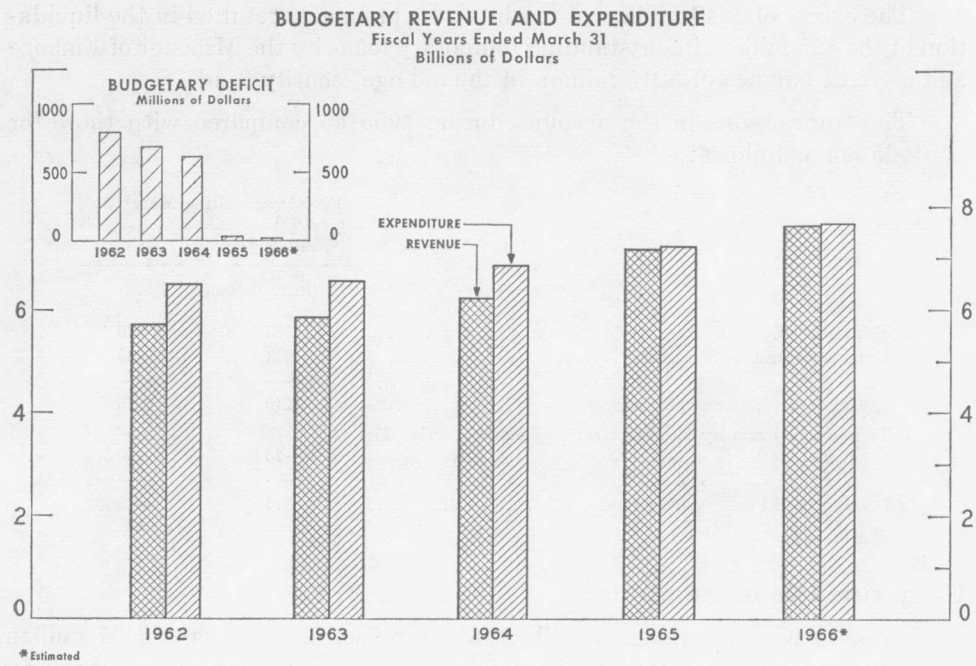


TABLE 3

BUDGETARY REVENUE, EXPENDITURE AND DEFICIT
(in millions of dollars)

FISCAL YEAR ENDING MARCH 31	Budgetary revenue	Budgetary expenditure	Surplus or deficit (−)
1957	5,106.5	4,849.0	257.5
1958	5,048.8	5,087.4	−38.6
1959	4,754.7	5,364.0	−609.3
1960	5,289.8	5,702.9	−413.1
1961	5,617.7	5,958.1	−340.4
1962	5,729.6	6,520.6	−791.0
1963	5,878.7	6,570.3	−691.6
1964	6,253.2	6,872.4	−619.2
1965	7,180.3	7,218.3	−38.0
1966 (estimated)	7,673.0	7,707.0	−34.0

REVENUE

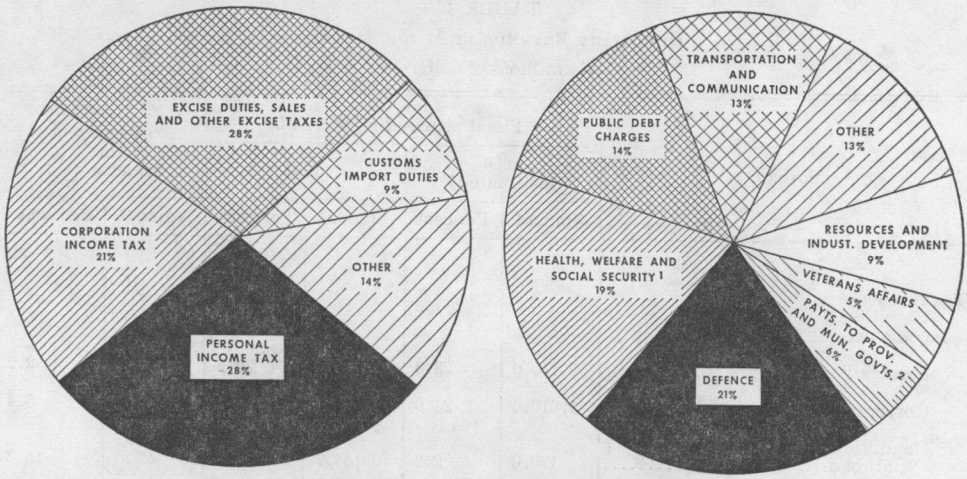
Budgetary revenue in 1965–66 is estimated at $7,673 million, $493 million or 7 per cent over the total of $7,180 million received in 1964–65. Tax revenue at $6,832 million accounts for 89 per cent of the total revenue for the fiscal year and non-tax revenue at $841 million accounts for 11 per cent.

The Budget—Appendix

BUDGETARY REVENUE BY MAJOR SOURCE

BUDGETARY EXPENDITURE BY MAJOR FUNCTION

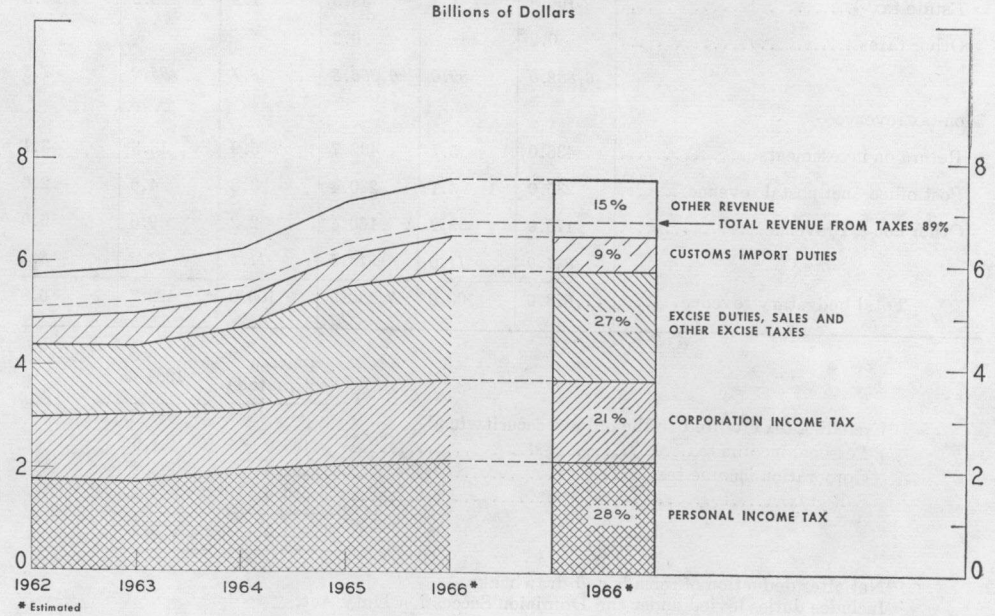
For Fiscal Year Ended March 31, 1966
Estimated



1. Does not include payments out of old age security fund.
2. Does not include those payments made to provincial and municipal governments for specific purposes.

BUDGETARY REVENUE BY SOURCE

Fiscal Years Ended March 31
Billions of Dollars



* Estimated

The more important items are increases of $47 million in personal income tax collections, $86 million in corporation income tax collections, $180 million in sales tax receipts and $54 million in customs import duties.

TABLE 4

BUDGETARY REVENUE BY MAJOR SOURCES

(in millions of dollars)

SOURCE	Fiscal year ending March 31				Increase or decrease (−)	
	1966 (estimated)		1965			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenue—						
Income tax—						
Personal[1]	2,150.0	28.0	2,103.3	29.3	46.7	2.2
Corporation[1]	1,610.0	21.0	1,523.8	21.2	86.2	5.4
On dividends, interest, etc., going abroad	170.0	2.2	143.7	2.0	26.3	18.3
Excise taxes—						
Sales[1][2]	1,385.0	18.1	1,204.6	16.8	180.4	15.0
Other	295.0	3.8	269.1	3.8	25.9	9.6
Customs import duties	676.0	8.8	622.1	8.7	53.9	8.7
Excise duties	439.0	5.7	411.4	5.7	27.6	6.7
Estate tax[3]	106.8	1.4	88.6	1.2	18.2	20.5
Other taxes	0.2		0.2			
	6,832.0	*89.0*	*6,366.8*	*88.7*	*465.2*	*7.3*
Non-tax revenue—						
Return on investments	436.0	5.7	422.7	5.9	13.3	3.1
Post office—net postal revenue	235.0	3.1	230.4	3.2	4.6	2.0
Other non-tax revenue	170.0	2.2	160.4	2.2	9.6	6.0
	841.0	*11.0*	*813.5*	*11.3*	*27.5*	*3.4*
Total budgetary revenue	7,673.0	100.0	7,180.3	100.0	492.7	6.9

	1965–66 (estimated)	1964–65
[1]Excluding tax credited to the old age security fund—		
Personal income tax	496.0	431.9
Corporation income tax	151.0	145.2
Sales tax	516.0	383.2
	1,163.0	960.3

[2]Net after deduction of refunds and drawbacks.

[3]Includes duties levied under the Dominion Succession Duty Act.

Federal-provincial fiscal arrangements

Under fiscal arrangements, that became operative in 1962, the federal government withdrew in part from the field of direct taxation and left the vacated area to the provinces. The federal government offered to collect the provincial income taxes without charge provided that provincial personal income tax was expressed as a percentage of federal personal income tax otherwise payable and provincial corporation income tax applied to taxable income calculated in the same way as for federal income tax purposes. To allow for the imposition of the provincial income taxes, the Income Tax Act was amended to abate the federal income tax otherwise payable by individuals in all provinces by 16 per cent in 1962, 17 per cent in 1963, 18 per cent in 1964, 21 per cent in 1965 and 24 per cent in 1966. For 1965 and 1966, the Province of Quebec obtained an additional 23 percentage points of the federal income tax otherwise payable in that province in compensation of the fact that the payment of youth allowances and the full cost of certain programs which are supported jointly by federal and provincial governments in the other provinces have been assumed by that province. The personal income tax abatement rates for Quebec in 1965 and 1966 are thus 44 per cent and 47 per cent respectively. For the period 1962–67 the federal corporation income tax rates are abated by 9 percentage points for taxable income earned in a province other than Quebec and by 10 percentage points for taxable income earned in Quebec. The additional one percentage point for Quebec is in compensation of the payment by that province of university grants which in the other provinces are made by the federal government. The federal government has entered into tax-collection agreements under which it collects the provincial personal income taxes for all provinces except Quebec and the provincial corporation income taxes for all provinces except Ontario and Quebec.

Under these collection agreements, payments are made monthly to each province based on an estimate of that province's tax revenue. When the actual amounts of assessed returns are established, usually in the month of December following the end of the fiscal year, adjustments are made with the provinces.

Under the 1962–67 fiscal arrangements, the federal government agreed to abate its estate tax by 50 per cent in the fiscal years 1962–63 and 1963–64, and by 75 per cent in the fiscal years 1964–65, 1965–66 and 1966–67 in any province that imposed its own succession duties. To a province that did not wish to re-enter the succession duty field the federal government agreed to pay 50 per cent of the federal estate tax revenue in 1962–63 and 1963–64 and 75 per cent in 1964–65, 1965–66 and 1966–67. During 1962–63, Quebec and Ontario collected their own succession duties while the other provinces received a payment in lieu of imposing duties. Starting in 1963–64 British Columbia joined Ontario and Quebec in imposing its own succession duties. When the abatement was raised to 75 per cent in 1964–65, British Columbia increased its rates accordingly but Quebec and Ontario accepted in lieu of the extra abatement a payment equivalent to 25 per cent of the federal estate tax in those provinces.

Tax on personal income

In 1965–66 the largest source of government revenue is again the personal income tax. The yield (excluding the old age security tax) is $2,150 million or 28 per cent of all budgetary revenue. The increase of $47 million or 2 per cent over 1964–65 collections is due principally to the higher level of personal incomes during the year partly offset by higher provincial abatements and a federal tax reduction effective July 1, 1965. In addition to the federal revenue, $357 million was allocated to the provincial tax collection agreements account under the

terms of federal-provincial fiscal arrangements. In 1964–65 federal revenue from this source was $2,103 million and in addition $369 million was allocated to the provincial tax collection agreements account.

The tax on personal incomes levied under the Old Age Security Act and credited to the old age security fund is $496 million compared with $432 million in 1964–65.

Corporation income tax

The corporation income tax is the second largest source of government revenue. The yield (excluding the old age security tax) is $1,610 million or 21 per cent of all budgetary revenue. The increase of $86 million or 5 per cent over the 1964–65 collections is due mainly to the continuous growth of corporation profits in recent years. In addition to the federal revenue, $118 million was allocated to the provincial tax collection agreements account under terms of federal-provincial fiscal arrangements. In 1964–65 federal revenue from this source was $1,524 million and in addition $135 million was allocated to the provincial tax collection agreements account.

The tax on incomes of corporations levied under the Old Age Security Act and credited to the old age security fund is $151 million compared with $145 million in 1964–65.

Taxes on dividends, interest, etc., going abroad

Revenue in this category is derived from taxes withheld on payments of dividends, interest, rents, royalties, alimony and income from estates and trusts paid to non-residents. Collections for 1965–66 are $170 million, an increase of $26 million or 18 per cent over the 1964–65 total.

Excise taxes

Revenue under this heading is from the general sales tax and other excise taxes.

From a revenue standpoint the general sales tax is the most important tax levied under the Excise Tax Act. Receipts (excluding the old age security tax) are $1,385 million or 15 per cent higher than in the previous fiscal year.

The tax on sales levied under the Old Age Security Act and credited to the old age security fund is $516 million.

The yield from excise taxes levied under the Excise Tax Act, other than the general sales tax, at $295 million is $26 million more than in 1964–65.

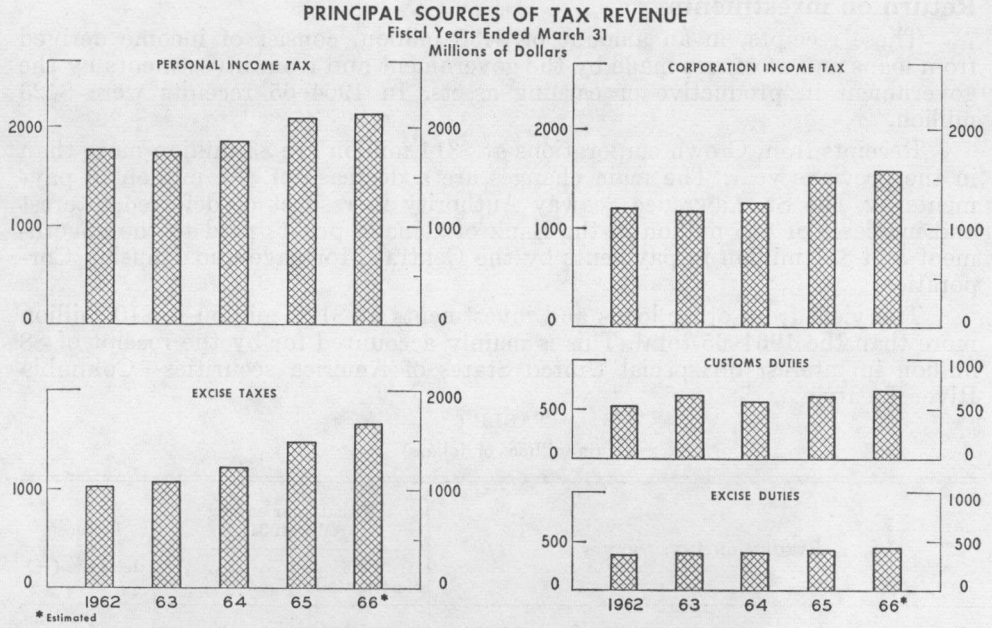
Customs import duties

Receipts from this source are $676 million compared with $622 million in 1964–65. The increase of $54 million or 9 per cent reflects the greater volume and value of imports during 1965–66.

Excise duties

Excise duties are levied on alcoholic beverages (other than wines) and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act.) Net receipts in 1965–66 are $439 million compared with $411 million in 1964–65.

Gross receipts of $261 million from duties on alcoholic beverages ($155 million in respect of spirits and $106 million in respect of beer) and $184 million from duties on tobacco products have been reduced by refunds and drawbacks of $6 million. In 1964–65 gross receipts of $240 million from duties on alcoholic beverages ($135 million in respect of spirits and $105 million in respect of beer) and $177 million from duties on tobacco products were reduced by refunds and drawbacks of $6 million.



Estate tax

Revenue in this category is derived under the Estate Tax Act. Net receipts of $107 million are $18 million more than in 1964–65.

Other taxes

Revenue under this heading during the fiscal year is $200 thousand, the same as in the previous year.

NON-TAX REVENUE

Non-tax revenue is $841 million, an increase of $28 million over the 1964–65 total.

TABLE 5

(in millions of dollars)

Non-Tax Revenue	Fiscal year ending March 31		Increase or decrease (−)	
	1966 (estimated)	1965	Amount	Per cent
Return on investments	436.0	422.7	13.3	3.1
Post office—net postal revenue	235.0	230.4	4.6	2.0
Refunds of previous years' expenditure	16.0	20.5	−4.5	−22.0
Services and service fees	64.0	60.9	3.1	5.1
Proceeds from sales	25.0	24.3	0.7	2.9
Privileges, licences and permits	39.0	30.8	8.2	26.6
Bullion and coinage	12.0	12.3	−0.3	−2.4
Other	14.0	11.6	2.4	17.1
	841.0	813.5	27.5	3.4

The Budget—Appendix

Return on investments

These receipts, in an amount of $436 million, consist of income derived from loans and advances made by the government and from investments by the government in productive or earning assets. In 1964–65 receipts were $423 million.

Receipts from Crown corporations at $314 million are $3 million more than in the previous year. The main changes are a decrease of $34 million in payments by The St. Lawrence Seaway Authority in respect of deferred interest and increases of $15 million in the Bank of Canada profits paid to the government and $11 million in payments by the Central Mortgage and Housing Corporation.

The yield from other loans and investments at $122 million is $10 million more than the 1964–65 total. This is mainly accounted for by the receipt of $8 million in interest on special United States of America securities—Columbia River Treaty.

TABLE 6

(in millions of dollars)

Return on Investments	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Loans to, and investments in, Crown corporations—			
Bank of Canada—profits	143.1	128.3	14.8
Canadian National Railways	11.3	11.6	−0.3
Canadian Overseas Telecommunication Corporation	2.6	2.7	−0.1
Central Mortgage and Housing Corporation	104.4	93.3	11.1
Eldorado Mining and Refining Limited	1.5	1.5	
Export Credits Insurance Corporation	5.6	3.0	2.6
Farm Credit Corporation	21.0	13.9	7.1
National Capital Commission	3.3	2.9	0.4
National Harbours Board	4.1	3.4	0.7
Northern Canada Power Commission	2.5	2.1	0.4
Polymer Corporation Limited	4.0	4.0	
The St. Lawrence Seaway Authority	9.4	43.1	−33.7
Miscellaneous	1.3	1.4	−0.1
	314.1	*311.2*	*2.9*
Other loans and investments—			
United Kingdom	1.9	1.2	0.7
Other national governments	5.0	5.2	−0.2
Provincial governments	1.0	1.1	−0.1
Exchange fund account	62.8	63.6	−0.8
Interest-bearing deposits with chartered banks	20.5	19.6	0.9
Profit on bond exchange		0.9	−0.9
Securities investment account	2.0	5.6	−3.6
Sinking fund and other investments held for retirement of unmatured debt	0.3		0.3
Soldier and general land settlement loans and veterans land act advances	9.6	8.3	1.3
Special United States of America securities—Columbia River Treaty	9.2	1.1	8.1
Unemployment Insurance Commission		0.2	−0.2
Miscellaneous	9.6	4.7	4.9
	121.9	*111.5*	*10.4*
	436.0	422.7	13.3

Post office revenue

Gross post office receipts are $272 million but authorized disbursements from revenue for salaries and rent allowances, other allowances and commissions at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through and delivered in foreign countries, etc. in the

amount of $37 million, brings net revenue to $235 million. In the previous fiscal year gross revenue was $264 million, authorized disbursements were $33 million and net revenue was $231 million.

TABLE 7
(in millions of dollars)

Post Office Revenue	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Postage—			
In Canada	254.8	246.6	8.2
From foreign countries	4.0	4.3	−0.3
Commission on money orders	9.2	9.0	0.2
Rental of post office boxes	2.4	2.2	0.2
Other	1.6	1.6	
	272.0	*263.7*	*8.3*
Less—			
Salaries and allowances at semi-staff and revenue offices	−32.5	−28.8	−3.7
Transit charges on foreign correspondence	−1.3	−1.3	
Other	−3.2	−3.2	
	−37.0	*−33.3*	*−3.7*
	235.0	230.4	4.6

Net costs of operating the Post Office Department during 1965–66 (excluding the $37 million charged to revenue) of $239 million exceeds net revenue by $4 million. However, in making this comparison, it should be noted that the total shown for post office revenue does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for certain miscellaneous services provided for other government departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for accounting and miscellaneous services provided by other departments.

Refunds of previous years' expenditure

Refunds in 1965–66 of expenditures made in prior years are $16 million, a decrease of $5 million from the comparable total for 1964–65.

The Department of National Defence received $7 million of which $4 million was due to contract re-negotiations and the Department of Veterans Affairs received $3 million in refunds of veterans pensions, allowances and re-establishment credits.

Services and service fees

Revenue at $64 million during 1965–66 is $3 million more than in the previous fiscal year.

The Department of Transport received $20 million including aircraft landing fees of $11 million, marine steamers earnings of $3 million, harbour dues and wharfage of $2 million and air-ground radio service fees of $1 million; the Royal Canadian Mounted Police received $16 million for police services mainly to provinces and municipalities; the Department of Agriculture received $9 million of which $6 million is for services in connection with the inspection, weighing, storage and elevation of grain and $2 million for race track supervision; the Department of Finance received $5 million derived from the issuance of coin sets by the Royal Canadian Mint; the Department of National Health and Welfare received $5 million including a $3 million reimbursement by the provinces for treatment of Indians in federal government hospitals; and the Department of Trade and Commerce received $3 million, mainly from weights and measures and electricity and gas inspection fees.

Proceeds from sales

Receipts of $25 million from this source are $1 million more than the total for 1964–65.

The Department of Defence Production received $10 million mainly from the sale of surplus Crown assets and Central Mortgage and Housing Corporation received $5 million from the sales of properties.

Privileges, licences and permits

Revenue from this category totals $39 million for 1965–66, $8 million more than receipts of $31 million in 1964–65.

The Department of Transport received $15 million mainly from rentals, concessions and radio licence fees; the Department of Northern Affairs and National Resources received $10 million of which $6 million was in respect of oil and gas and $1 million from transient motor vehicle licences; and the Department of Public Works received $4 million for rental of public buildings and sites.

Bullion and coinage

Revenue of $12 million derived from the operations of the Royal Canadian Mint consists mainly of a net gain on coinage. Small amounts are also obtained from gold refining charges, handling charges and gain on gold refining. In 1964–65 revenue from this source was $12 million. In addition $5 million has been received from the issuance of coin sets and reported under services and service fees.

Other non-tax revenue

Other non-tax revenue in the amount of $14 million is $2 million more than in 1964–65.

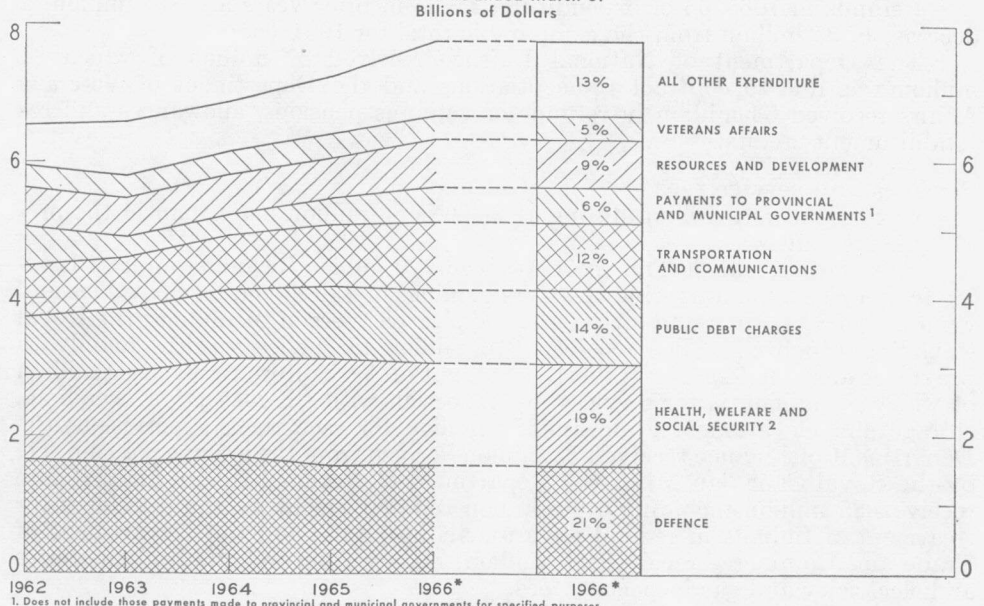
Expenditure

Budgetary expenditure is estimated at $7,707 million for 1965–66, $489 million or 7 per cent higher than in 1964–65.

BUDGETARY EXPENDITURE, CLASSIFIED BY FUNCTION

Fiscal Years Ended March 31

Billions of Dollars



1. Does not include those payments made to provincial and municipal governments for specified purposes.
2. Does not include pension payments out of the old age security fund not charged to budgetary expenditure in the year in which they were paid.

* Estimated

TABLE 8

STATEMENT OF BUDGETARY EXPENDITURE BY DEPARTMENTS AND MAJOR CLASSIFICATIONS
(in millions of dollars)

—	Fiscal year ending March 31				Increase or decrease (−)	
	1966 (estimated)		1965			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Defence expenditure—						
National Defence	1,536.7	20.0	1,537.8	21.3	−1.1	−0.1
Defence Production[1]	14.6	0.2	19.7	0.3	−5.1	−25.9
Emergency Measures Organization	8.4	0.1	7.7	0.1	0.7	9.1
Industry[1]	25.0	0.3	20.5	0.3	4.5	22.0
	1,584.7	20.6	1,585.7	22.0	−1.0	−0.1
Non-defence expenditure—						
Agriculture	197.6	2.5	165.7	2.3	31.9	19.2
Atlantic Development Board	22.9	0.3	4.3	0.1	18.6	432.6
Atomic Energy	53.6	0.7	46.6	0.6	7.0	15.0
Canadian Broadcasting Corporation	99.4	1.3	88.0	1.2	11.4	13.0
Central Mortgage and Housing Corporation	19.4	0.3	15.0	0.2	4.4	29.3
Citizenship and Immigration	203.7	2.6	179.7	2.5	24.0	13.4
External Affairs	153.7	2.0	131.2	1.8	22.5	17.1
Finance—						
Public debt charges	1,085.0	14.1	1,051.3	14.5	33.7	3.2
Fiscal, subsidy and other payments to provinces	473.3	6.1	358.4	5.0	114.9	32.0
Government's contribution to the public service superannuation account	58.0	0.7	55.6	0.8	2.4	4.3
Other	213.7	2.8	157.4	2.2	56.3	35.8
	1,830.0	*23.7*	*1,622.7*	*22.5*	*207.3*	*12.8*
Fisheries	35.4	0.5	25.6	0.3	9.8	38.3
Forestry	59.2	0.8	49.8	0.7	9.4	18.9
Justice	11.8	0.2	10.9	0.1	0.9	8.3
Labour	24.4	0.3	24.3	0.4	0.1	4.1
Unemployment Insurance Act administration and government's contribution	98.6	1.3	95.2	1.3	3.4	3.6
	123.0	*1.6*	*119.5*	*1.7*	*3.5*	*2.9*
Legislation	14.9	0.2	14.2	0.2	0.7	4.9
Mines and Technical Surveys	108.6	1.4	94.2	1.3	14.4	15.3
National Capital Commission	18.6	0.2	10.4	0.1	8.2	78.8
National Health and Welfare—						
Family allowances	552.0	7.2	545.8	7.6	6.2	1.1
Government's contributions under the Hospital Insurance and Diagnostic Services Act	314.0	4.1	433.9	6.0	−119.9	−27.6
Other	312.4	4.0	321.4	4.4	−9.0	−2.8
	1,178.4	*15.3*	*1,301.1*	*18.0*	*−122.7*	*−9.4*
National Research Council, including the Medical Research Council	74.1	1.0	56.6	0.8	17.5	30.9
National Revenue	95.2	1.2	86.9	1.2	8.3	9.6
Northern Affairs and National Resources	71.7	0.9	62.6	0.9	9.1	14.5
Indian affairs branch	81.5	1.1	64.8	0.9	16.7	24.1
	153.2	*2.0*	*127.4*	*1.8*	*25.8*	*20.2*
Post Office	239.2	3.1	210.5	2.9	28.7	13.6
Public Works	259.4	3.4	224.0	3.1	35.4	15.8
Royal Canadian Mounted Police	82.0	1.1	76.2	1.1	5.8	7.6
Secretary of State	25.8	0.3	21.9	0.3	3.9	17.8
Office of the Solicitor General	57.3	0.7	39.0	0.5	18.3	46.9
Trade and Commerce	46.8	0.6	54.7	0.8	−7.9	−14.4
Transport	523.8	6.8	466.4	6.5	57.4	12.3
Veterans Affairs	370.0	4.8	351.6	4.9	18.4	5.2
All Other Departments	65.3	0.8	38.5	0.5	26.8	69.6
	6,122.3	79.4	5,632.6	78.0	489.7	8.7
Total budgetary expenditure	7,707.0	100.0	7,218.3	100.0	488.7	6.8

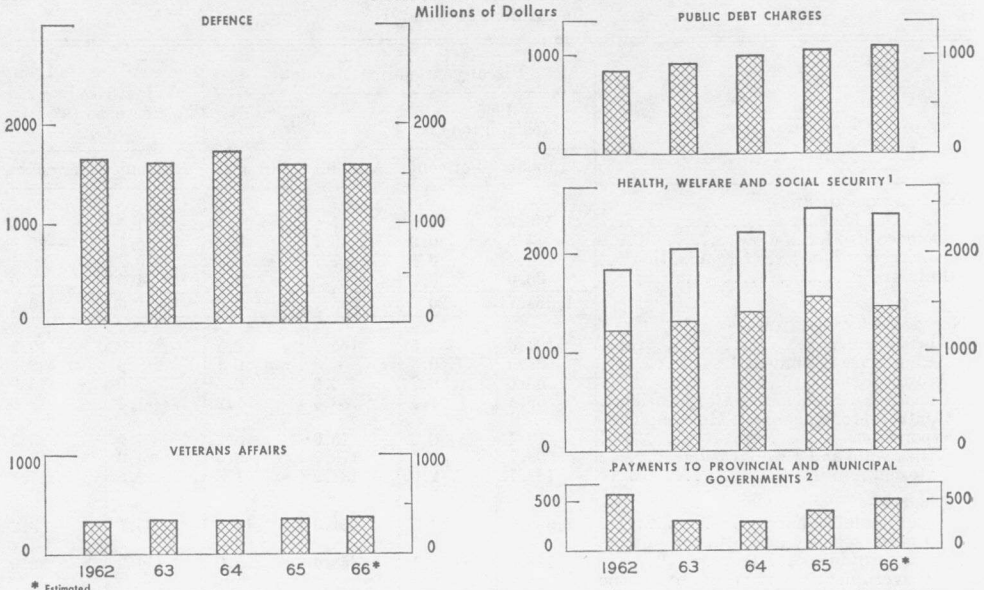
[1] Does not include non-defence expenditure which is included in "All Other Departments".

The Budget—Appendix

PRINCIPAL CLASSES OF BUDGETARY EXPENDITURE

Fiscal Years Ended March 31

Millions of Dollars



* Estimated

1. The unshaded areas of the columns in the chart for health, welfare and social security represent pension payments out of old age security fund not charged to budgetary expenditure in the year in which they were paid.
2. Does not include those payments made to provincial and municipal governments for specific purposes.

DEFENCE EXPENDITURE

Expenditures of the Department of National Defence and the Emergency Measures Organization and defence expenditures of the Department of Defence Production and the Department of Industry are again the largest category of government expenditure. The total of $1,585 million for 1965-66 is 21 per cent of the aggregate budgetary expenditure of the government for the year and is $1 million less than the total of $1,586 million for 1964–65 when it was 22 per cent of total expenditure.

National Defence

Expenditures of the Department of National Defence are $1,537 million compared with $1,538 million in 1964–65, a decrease of $1 million.

Expenditures for air services are $620 million compared with $656 million in the previous fiscal year, for army services $460 million compared with $434 million, for naval services $266 million compared with $272 million and for inspection services $7 million, approximately the same as in the previous year.

The government's contribution to the Canadian forces superannuation account, of an amount equal to $1\frac{2}{3}$ times the contributions of permanent services personnel, is $59 million, the same as in the previous year. A further amount of $17 million, equal to one fifth of the actuarial deficiency arising out of pay increases, has been charged to budgetary expenditure in 1965–66.

Defence research and development costs are $73 million compared with $55 million in 1964–65, an increase of $18 million.

TABLE 9

(in millions of dollars)

Defence Expenditure	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Department of National Defence—			
Naval services	266.3	272.5	−6.2
Army services	459.6	433.6	26.0
Air services	620.2	656.0	−35.8
Inspection services	7.3	7.1	0.2
	1,353.4	*1,369.2*	*−15.8*
Canadian forces superannuation account—			
Government's contribution	58.8	58.8	
Amortization of deferred charges	16.8	13.4	3.4
Defence research and development	73.0	54.5	18.5
Mutual aid to NATO countries including contributions towards military costs of NATO	18.6	27.5	−8.9
Defence Construction (1951) Limited	2.1	2.2	−0.1
Administration and general	14.0	12.2	1.8
	1,536.7	1,537.8	−1.1
Department of Industry[1]—			
Technological capability	25.0	20.5	4.5
Department of Defence Production[1]—			
Canadian Arsenals Limited	1.8	4.6	−2.8
Production capacity and capital assistance	2.4	0.7	1.7
Administration and general	10.4	14.4	−4.0
	14.6	*19.7*	*−5.1*
Emergency Measures Organization	8.4	7.7	0.7
	1,584.7	1,585.7	−1.0

[1]See also under "All Other Departments" at the end of this section.

Mutual aid to NATO countries including contributions towards military costs of NATO at $19 million are $9 million less than the total of $28 million in 1964–65.

Emergency Measures Organization

Expenditures of the Emergency Measures Organization amount to $8 million, $1 million more than in the previous fiscal year.

Defence Production

Defence expenditures of the Department of Defence Production including those for Canadian Arsenals Limited total $15 million compared with $20 million in 1964–65.

Industry

Defence expenditures of the Department of Industry are $25 million, an increase of $5 million over the previous year. The increase is due to higher outlays in connection with the government program instituted in 1959–60 of supporting selected defence development programs in order to sustain technological capability in Canada's industry.

The Budget—Appendix

Cash outlays for defence

In addition to these budgetary expenditures for defence, there are other cash outlays which must be considered in arriving at the cost of Canada's defence program.

TABLE 10

(in millions of dollars)

Cash Outlays for Defence	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Budgetary expenditures—			
Department of National Defence	1,536.7	1,537.8	−1.1
Department of Defence Production[1]	14.6	19.7	−5.1
Emergency Measures Organization	8.4	7.7	0.7
Department of Industry[1]	25.0	20.5	4.5
	1,584.7	*1,585.7*	*−1.0*
Disbursements for—			
Defence production revolving fund (net)	−3.4	2.4	−5.8
Replacement of materiel account—sec. 11, National Defence Act (net)	−0.1	0.4	−0.5
	−3.5	*2.8*	*−6.3*
Net cash outlay for defence	1,581.2	1,588.5	−7.3

[1]See also under "All Other Departments" at the end of this section.

Section 11 of the National Defence Act provides that materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, may be sold to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales are credited to a special account to be used for the procurement of materiel. In 1965–66 credits to, and cash outlays from, the account are each $1 million. The balance in the account at March 31, 1966 is $1 million, approximately the same as at the previous fiscal year-end.

The Department of Defence Production also makes cash disbursements for the procurement of materials for use in the manufacture of defence equipment which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are charged to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. During 1965–66 proceeds from sales of $49 million exceeded purchases of $46 million, resulting in a balance in the account as at March 31, 1966 of $27 million.

NON-DEFENCE EXPENDITURE

Agriculture

Expenditures of the Department of Agriculture amount to $198 million, an increase of $32 million over the total for 1964–65.

Outlays for production and marketing are $61 million, an increase of $33 million over 1964–65 expenditures. The increase is due mainly to payments of $21 million to eligible producers for manufacturing milk and cream delivered to

plants during the 1964–65 production year in accordance with terms and conditions prescribed by the Governor in Council (for which there was no comparable amount in 1964–65) and an increase of $11 million in respect of plant and plant products due mainly to payments to compensate certain agricultural producers for crop losses incurred in the 1964 and 1965 crop years.

The operating loss of the agricultural stabilization board is $41 million compared with $57 million in the previous fiscal year, a decrease of $16 million.

Expenditures for land rehabilitation, irrigation and water storage projects total $32 million, an increase of $6 million over the total of $26 million for 1964–65.

Research expenditures are $33 million compared with $29 million in the previous fiscal year.

TABLE 11

(in millions of dollars)

Agriculture	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Production and marketing—			
Animal and animal products	19.1	17.7	1.4
Grants, contributions and subsidies to milk producers	21.0		21.0
Plant and plant products	18.8	7.7	11.1
Administration and general	2.4	2.6	−0.2
	61.3	*28.0*	*33.3*
Agricultural stabilization board—net operating loss	40.7	57.1	−16.4
Land rehabilitation, irrigation and water storage projects	32.3	26.4	5.9
Research	32.5	28.8	3.7
Health of animals	15.4	13.5	1.9
Farm Credit Corporation—net operating loss	1.2	0.5	0.7
Board of grain commissioners	7.4	6.6	0.8
Agricultural products board—net operating loss	1.7	0.3	1.4
Administration and general	5.1	4.5	0.6
	197.6	165.7	31.9

Atlantic Development Board

Expenditures in respect of the Atlantic Development Board total $23 million compared with $4 million in 1964–65. Progress payments are made from time to time on projects which have been approved by the Board.

TABLE 12

(in millions of dollars)

Atlantic Development Board	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Payments to the Atlantic Development Board	20.0	3.6	16.4
Federal share of the cost of a trunk highway program	2.0		2.0
Administration and operation	0.9	0.7	0.2
	22.9	4.3	18.6

The Budget—Appendix

Atomic Energy

Expenditures by the government in respect of Atomic Energy of Canada Limited and the Atomic Energy Control Board are $54 million compared with $47 million in 1964–65.

Atomic Energy of Canada Limited received $52 million in respect of its research program, of which $40 million is for operation and maintenance and $12 million for construction or acquisition of buildings, works, land and equipment. In 1964–65 the company received $45 million of which $35 million was for operation and maintenance and $10 million for construction or acquisition.

The Atomic Energy Control Board received $2 million ($1 million in 1964–65) mainly for grants for researches and investigations.

TABLE 13
(in millions of dollars)

Atomic Energy	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Atomic Energy of Canada Limited—			
Research program—			
Current operation and maintenance	39.5	34.9	4.6
Construction or acquisition of buildings, works, land and equipment	12.3	10.3	2.0
	51.8	*45.2*	*6.6*
Atomic Energy Control Board—			
Grants for researches and investigations with respect to atomic energy	1.6	1.2	0.4
Administration	0.2	0.2	
	1.8	*1.4*	*0.4*
	53.6	46.6	7.0

Canadian Broadcasting Corporation

Payments of $99 million by the government to the Canadian Broadcasting Corporation and charged to budgetary expenditures are $11 million more than the total of $88 million in 1964–65.

Grants for net operating requirements in respect of the national broadcasting service are $97 million, $11 million more than in 1964–65. There are no grants for capital requirements charged to budgetary expenditure in 1965–66.

In addition loans to the corporation for capital expenditure amount to $14 million in 1965–66.

TABLE 14
(in millions of dollars)

Canadian Broadcasting Corporation	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Grants in respect of the national broadcasting service—			
Net operating requirements	97.0	85.9	11.1
International broadcasting service	2.4	2.1	0.3
	99.4	88.0	11.4

Central Mortgage and Housing Corporation

Budgetary expenditures of the government in respect of Central Mortgage and Housing Corporation at $19 million are $4 million more than the total of $15 million in 1964–65.

Loans in the amount of $10 million, originally made to municipalities and municipal sewerage corporations, were forgiven by Central Mortgage and Housing Corporation pursuant to section 36G of the National Housing Act and written off to budgetary expenditure.

Contributions of $5 million to provinces or municipalities for urban renewal are approximately the same as in 1964–65.

TABLE 15

(in millions of dollars)

Central Mortgage and Housing Corporation	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Loans forgiven by the corporation	10.3	7.0	3.3
Contributions to provinces or municipalities for urban renewal	4.9	4.8	0.1
Losses sustained—			
Federal-provincial projects	2.0	1.5	0.5
Sale of mortgages	0.7	0.4	0.3
	2.7	*1.9*	*0.8*
Housing research and community planning	1.5	1.3	0.2
	19.4	15.0	4.4

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration are $204 million in 1965–66 compared with $180 million in the previous year.

Expenditures of the Indian affairs branch, which in previous years were included in the expenditures of the Department of Citizenship and Immigration, are now included in expenditures of the Department of Northern Affairs and National Resources and expenditures in respect of the national employment service, civilian rehabilitation branch, technical and vocational training branch, manpower consultative service and such parts of branches as relate to manpower, which in previous years were included in expenditures of the Department of Labour, are now included in expenditures of the Department of Citizenship and Immigration.

Payments of $119 million to provinces under the Technical and Vocational Training Assistance Act, from which the Province of Quebec has opted out in part, are $22 million more than the 1964–65 total, payments of $40 million under the municipal winter works incentive program to provinces and in respect of Indian bands are $2 million less, outlays of $23 million in respect of the national employment service are $2 million more and immigration expenditures of $15 million are $3 million higher.

The Budget—Appendix

TABLE 16

(in millions of dollars)

Citizenship and Immigration	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Technical and Vocational Training Assistance Act—			
Payments to provinces	119.0	97.3	21.7
Administration and general	1.2	0.6	0.6
	120.2	*97.9*	*22.3*
Payments to provinces under the municipal winter works incentive program	40.4	42.8	−2.4
National employment service—			
Administration	22.3	21.2	1.1
Manpower mobility	0.5		0.5
	22.8	*21.2*	*1.6*
Immigration	15.0	12.2	2.8
Citizenship	2.1	1.8	0.3
Administration and general	3.2	3.8	−0.6
	203.7	179.7	24.0

External Affairs

Expenditures of the Department of External Affairs are $154 million for 1965–66, $23 million more than the total for the previous year.

TABLE 17

(in millions of dollars)

External Affairs	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
External aid office—			
Economic, technical, education and other assistance—			
International food aid program	34.3	20.6	13.7
International development assistance	48.5	48.5	
Contribution to the Indus Basin development fund	1.7	6.4	−4.7
Other	0.1	5.1	−5.0
Administration	1.1	0.8	0.3
	85.7	*81.4*	*4.3*
Representation abroad	19.6	17.0	2.6
Contributions to international multilateral economic and special aid programs	18.1	9.8	8.3
Assessments for membership in the international (including commonwealth) organizations	10.3	9.0	1.3
Other payments to international organizations and programs	5.4	1.3	4.1
Administration and general	14.6	12.7	1.9
	153.7	131.2	22.5

Outlays of $86 million by the external aid office are $4 million more than in 1964–65. There is a decrease of $5 million in contributions to the Indus Basin development fund and an increase of $14 million for the international food aid program.

Costs of representation abroad at $20 million are $3 million higher than in 1964–65, contributions to international multilateral economic and special aid programs at $18 million are $8 million higher, assessments for membership in the international (including commonwealth) organizations at $10 million are $1 million higher and other payments to international organizations and programs at $5 million are $4 million higher.

Finance

Expenditures of the Department of Finance are $1,830 million for 1965–66 $207 million more than the previous year's total due mainly to increases of $115 million in payments to provinces, $34 million in public debt charges and $27 million in respect of forgiveness of indebtedness under the Municipal Development and Loan Act.

TABLE 18

(in millions of dollars)

Finance	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Public debt charges	1,085.0	1,051.3	33.7
Fiscal, subsidy and other payments to provinces	473.3	358.4	114.9
Public service superannuation account—			
Government's contribution	58.0	55.6	2.4
Amortization of deferred charges	25.6	10.0	15.6
	83.6	*65.6*	*18.0*
Canadian Wheat Board—			
Carrying costs of temporary wheat reserves	37.5	34.0	3.5
Prairie Grain Advance Payments Act	0.5	0.6	−0.1
	38.0	*34.6*	*3.4*
Grants to municipalities in lieu of taxes on federal property	36.9	35.7	1.2
Forgiveness of indebtedness—municipal development and loan board	30.0	2.6	27.4
Grants to universities—			
Payments to the Canadian Universities Foundation	27.8	27.3	0.5
Office of the Comptroller of the Treasury	25.0	24.9	0.1
Government's share of surgical-medical insurance premiums	9.7	9.3	0.4
Government's contribution as an employer to the unemployment insurance fund	1.1	0.9	0.2
Administration and general	19.6	12.1	7.5
	1,830.0	1,622.7	207.3

Public debt charges

Public debt charges are again the third largest item of budgetary expenditure, exceeded only by those for defence and those for health, welfare and social security.

Public debt charges consist of interest on the public debt, the annual amortization of bond discounts and commissions, the cost of issuing new loans and other costs incurred in servicing the public debt. These charges are $1,085 million for 1965–66 or 14 per cent of all budgetary expenditure compared with $1,051 million or 14 per cent for 1964–65.

Interest on public debt amounts to $1,052 million of which $823 million is in respect of unmatured debt and $229 million in respect of other liabilities. In 1964–65 total interest was $1,012 million of which $803 million was for unmatured debt and $209 million for other liabilities.

The increase of $20 million in interest on unmatured debt reflects higher interest rates and an increase in unmatured debt. The increase in interest on other liabilities is due mainly to increases of $7 million in respect of the public service superannuation account and $11 million in respect of the Canadian forces superannuation account.

Other public debt charges at $33 million are $6 million less than in 1964–65, attributable to lower expenditures in respect of annual amortization of bond discounts and commissions.

TABLE 19
(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Interest on public debt—			
Unmatured debt including treasury bills—			
Payable in Canada	806.8	786.2	20.6
Payable in New York	16.3	16.4	−0.1
	823.1	*802.6*	*20.5*
Other liabilities—			
Annuity, insurance and pension accounts	225.7	206.3	19.4
Deposit and trust accounts	3.2	3.2	
	228.9	*209.5*	*19.4*
Total interest on public debt	1,052.0	1,012.1	39.9
Other public debt charges—			
Annual amortization of bond discounts and commissions.	30.2	36.4	−6.2
Cost of issuing new loans	1.8	1.8	
Servicing of public debt	1.0	1.0	
	33.0	*39.2*	*−6.2*
	1,085.0	1,051.3	33.7

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1965–66 this income totals $436 million as shown in the non-tax revenue section under the heading "return on investments". This amount deducted from the gross total of $1,052 million for interest as shown in the table leaves a net amount of $616 million compared with a net of $589 million in 1964–65. Measured as a percentage of the net debt the burden of the net annual interest charges is 3.96 per cent in 1965–66 compared with 3.80 per cent in 1964–65.

TABLE 20
(in millions of dollars)

Net Burden of Annual Interest Charges	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Total interest on public debt	1,052.0	1,012.1	39.9
Less return on investments	−436.0	−422.7	−13.3
Net interest cost	616.0	589.4	26.6
Net interest cost as a percentage of net debt	3.96	3.80	

Fiscal, subsidy and other payments to provinces

Payments to provinces in the amount of $473 million are $115 million higher than in 1964–65.

However, in addition to the above payments, $475 million in provincial income taxes collected by the federal government on behalf of the provinces has been allocated to the provincial tax collection agreements account under the terms of the Federal-Provincial Fiscal Arrangements Act. A more detailed explanation of these arrangements is given in the tax revenue section of this Part.

TABLE 21

(in millions of dollars)

Fiscal, Subsidy and Other Payments to Provinces	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Payments under the Federal-Provincial Fiscal Arrangements Act and the Federal-Provincial Fiscal Revision Act (youth allowances)	351.2	321.3	29.9
Payments under the Established Programs (Interim Arrangements) Act [1]	86.7		86.7
Statutory subsidies	23.6	23.6	
Transfer of certain public utility tax receipts	8.4	9.7	−1.3
Crown Corporations (Provincial Taxes and Fees) Act		3.8	−3.8
Payments under the Federal-Provincial Tax Sharing Arrangements Act	3.4		3.4
	473.3	358.4	114.9

[1] Payments made to the Province of Quebec in respect of opting out agreements.

A summary of payments, by provinces, during 1965–66 is given in the following table:

TABLE 22

(in millions of dollars)

Fiscal, Subsidy and Other Payments to Provinces	Fiscal year ending March 31, 1966 (estimated)						
	Payments under fiscal arrangements	Payments under Interim Arrangements Act	Statutory subsidies	Payments under the Federal-Provincial Fiscal Revision Act (youth allowances)	Transfer of certain public utility tax receipts	Payments under Federal-Provincial Tax Sharing Arrangements Act	Total
Newfoundland	41.6		1.7		0.2	0.3	43.8
Prince Edward Island	9.7		0.7		0.1	[1]	10.5
Nova Scotia	47.3		2.1		0.8	0.4	50.6
New Brunswick	42.8		1.7		0.1	0.3	44.9
Quebec	[2] 136.1	86.7	4.0	4.9 Cr.	2.2	0.1 Cr.	224.0
Ontario	16.8		4.6		1.1		22.5
Manitoba	27.8		2.1		0.1	0.5	30.5
Saskatchewan	28.7		2.1		[1]	0.4	31.2
Alberta	5.3		2.9		3.1	0.7	12.0
British Columbia			1.7		0.7	0.9	3.3
	356.1	86.7	23.6	4.9 Cr.	8.4	3.4	473.3

[1] Less than $50,000.

[2] The credit of $4.9 million under the Federal-Provincial Fiscal Revision Act (youth allowances) will be recovered from this amount.

Public service superannuation account

The government's contribution to the public service superannuation account, in an amount equal to the estimated current and prior service payments of individuals in 1964–65, is $58 million in 1965–66. In the previous fiscal year the government's contribution was $56 million.

A further amount of $26 million, equal to one fifth of the actuarial deficiency arising out of pay increases, has been charged to budgetary expenditure in 1965–66.

Canadian Wheat Board

Expenditures of the Canadian Wheat Board which were included under the Department of Trade and Commerce in 1964–65 are now included under the Department of Finance.

Expenditures during 1965–66 amount to $38 million compared with $35 million in the previous year and are mainly in respect of carrying costs of temporary wheat reserves.

Grants to municipalities

Payments to municipalities in lieu of taxes on federal property amount to $37 million, $1 million more than in 1964–65.

Forgiveness of indebtedness, the municipal development and loan board

Under the Municipal Development and Loan Act, advances are made to the municipal development and loan board to provide financial assistance by way of loans to municipalities to augment or accelerate capital works programs. The act also provides that the board shall, under certain conditions, forgive payment by the municipality of 25 per cent of the principal amount of the loan. During 1965–66 charges amount to $30 million compared with $3 million in the previous year.

Fisheries

Expenditures of the Department of Fisheries are $35 million in 1965–66, an increase of $10 million over the 1964–65 total, due mainly to outlays in respect of fisheries management and development.

TABLE 23
(in millions of dollars)

Fisheries	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Fisheries management and development—			
Conservation and development service	11.3	8.3	3.0
Grants, contributions and subsidies	4.0	1.5	2.5
Industrial development service	3.1	1.3	1.8
Inspection service	2.6	2.3	0.3
Canadian share of the expenses of international commissions	1.5	1.2	0.3
Other	2.3	2.3	
	24.8	*16.9*	*7.9*
Fisheries Research Board of Canada	9.2	7.4	1.8
Administration and general	1.4	1.3	0.1
	35.4	25.6	9.8

Forestry

Expenditures of the Department of Forestry amount to $59 million compared with $50 million in the previous fiscal year.

The increase is due mainly to higher expenditures in respect of programs for rural development under the Agricultural Rehabilitation and Development Act and the Maritime Marshland Rehabilitation Act of $16 million compared with $10 million in 1964–65.

Freight assistance and grain storage costs on western feed grains at $21 million are $2 million higher than in 1964–65, outlays for forestry at $11 million are $1 million higher and contributions to provinces for assistance in forest inventory, reforestation, forest fire protection, forest stand improvement and forest access road construction at $8 million are $1 million less.

TABLE 24
(in millions of dollars)

Forestry	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Freight assistance and grain storage costs on western feed grains	21.0	19.1	1.9
Rural development—			
Agricultural Rehabilitation and Development Act	15.0	9.4	5.6
Maritime Marshland Rehabilitation Act	1.0	0.6	0.4
	16.0	*10.0*	*6.0*
Forestry—			
Forest research	8.1	6.8	1.3
Forest products research	1.6	1.7	−0.1
Administration	1.2	1.0	0.2
	10.9	*9.5*	*1.4*
Contributions to the provinces—			
Assistance in forest inventory, reforestation, forest fire protection and forest stand improvement	5.9	5.7	0.2
Forest access road construction	2.0	2.8	−0.8
	7.9	*8.5*	*−0.6*
Administration and general	3.4	2.7	0.7
	59.2	49.8	9.4

Justice

Expenditures of the Department of Justice at $12 million, of which $9 million is for judges' salaries, travelling allowances and pensions and $3 million for administration, are $1 million more than in 1964–65.

TABLE 25
(in millions of dollars)

Justice	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Legal and other services—			
Judges' salaries, travelling allowances and pensions	9.0	8.7	0.3
Administration and general	2.8	2.2	0.6
	11.8	10.9	0.9

The Budget—Appendix

Expenditures for correctional services, which previously were shown under the Department of Justice, are now shown under the Office of the Solicitor General and expenditures for the patent division, copyright and industrial designs division and the trade marks office are now shown under Privy Council.

Labour

Expenditures of the Department of Labour, including the Unemployment Insurance Commission, total $123 million compared with $119 million in 1964–65.

Expenditures in respect of the national employment service, civilian rehabilitation branch, technical and vocational training branch, manpower consultative service and such parts of branches as relate to manpower, which in previous years were shown under the Department of Labour, are now shown under the Department of Citizenship and Immigration.

TABLE 26
(in millions of dollars)

Labour	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Unemployment Insurance Commission—			
Administration of the Unemployment Insurance Act	33.1	33.1	
Government's contribution to the unemployment insurance fund	65.5	62.1	3.4
	98.6	*95.2*	*3.4*
Winter house building program	14.4	16.3	−1.9
Payments under the Government Employees Compensation Act	2.9	2.5	0.4
Administration and general	7.1	5.5	1.6
	123.0	119.5	3.5

Unemployment Insurance Commission

Expenditures for the commission amount to $99 million including the government's contribution of $65 million to the fund. In 1964–65 expenditures were $95 million of which $62 million was the government's contribution to the fund.

Unemployment benefit payments are not charged to budgetary expenditure but are paid from the fund which is financed by equal contributions from employees and employers, by interest earned on investments and by the government's contribution of an amount equal to one fifth of the combined employee-employer contributions. Further information about the fund is given under the liability category "annuity, insurance and pension accounts".

Winter house building program

Under the winter house building program payments are made, in accordance with terms and conditions approved by the Governor in Council, of $500 per dwelling unit substantially built during the periods November 15, 1964 to March 31, 1965 and November 15, 1965 to April 15, 1966. In 1965–66 payments amount to $14 million compared with $16 million in the previous fiscal year.

Legislation

Costs of Legislation are $15 million compared with $14 million in 1964–65.

TABLE 27
(in millions of dollars)

Legislation	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
House of Commons	11.7	11.1	0.6
The Senate	2.7	2.7	
Library of Parliament	0.5	0.4	0.1
	14.9	14.2	0.7

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys are $109 million compared with $94 million in the previous fiscal year.

The increase of $14 million was due mainly to $3 million for subventions in respect of electric power generated from eastern coal, for which there was no comparable expenditure in 1964–65, and to increases of $3 million for marine surveys and research and $3 million for research in astronomy and geophysics.

Expenditures of the water resources branch and the resource development branch, but excluding those parts of the said branches concerned with the administration of resources on Indian lands, contributions to provinces to assist in the development of roads leading to resources and expenditures made under the Atlantic Provinces Power Development Act, which previously were shown under the Department of Northern Affairs and National Resources, and expenditures of the National Energy Board, which previously were shown under the Department of Trade and Commerce, are now shown under the Department of Mines and Technical Surveys.

TABLE 28
(in millions of dollars)

Mines and Technical Surveys	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Dominion coal board	23.4	23.2	0.2
Emergency gold mining assistance	14.3	15.7	−1.4
Water resources	13.7	12.1	1.6
Marine surveys and research	12.2	9.0	3.2
Field and air surveys, mapping and aeronautical charting	8.3	6.9	1.4
Geological research	7.9	6.9	1.0
Mining and metallurgical investigations and research	7.0	5.7	1.3
Contributions to provinces to assist in the development of roads leading to resources	6.7	6.1	0.6
Research in astronomy and geophysics	5.7	2.9	2.8
Subventions pursuant to the Atlantic Provinces Power Development Act in respect of electric power generated from eastern coal	2.5		2.5
Polar continental shelf	1.5	1.5	
Geographical surveys and research	0.9	0.7	0.2
National energy board	0.9	0.7	0.2
Administration and general	3.6	2.8	0.8
	108.6	94.2	14.4

The Budget—Appendix

National Capital Commission

Expenditures of the National Capital Commission are $18 million compared with $10 million in 1964–65.

Payments into the national capital fund amount to $12 million, an increase of $8 million over the previous year. Outlays for the operation and maintenance of parks, parkways, etc. at $5 million are $1 million more and interest charges of $2 million are $1 million less than in the previous fiscal year.

TABLE 29
(in millions of dollars)

National Capital Commission	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Operation and maintenance	4.6	3.4	1.2
Interest charges (net)	1.9	2.5	−0.6
	6.5	*5.9*	*0.6*
Payment to the national capital fund	12.1	4.5	7.6
	18.6	10.4	8.2

National Health and Welfare

Expenditures of the Department of National Health and Welfare at $1,178 million are $123 million less than the previous year's total of $1,301 million, due mainly to a decrease of $120 million in the government's contribution under the Hospital Insurance and Diagnostic Services Act as a result of the Province of Quebec opting out of this program under a federal-provincial agreement.

TABLE 30
(in millions of dollars)

National Health and Welfare	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Welfare services—			
Family allowances	552.0	545.8	6.2
Youth allowances	46.5	26.9	19.6
Old age assistance	27.0	45.0	−18.0
Blind persons allowances	3.6	5.6	−2.0
Disabled persons allowances	14.8	23.4	−8.6
Unemployment assistance	104.6	107.5	−2.9
Fitness and amateur sport	2.0	2.0	
Family assistance	2.8	2.1	0.7
Other	7.0	6.3	0.7
	760.3	*764.6*	*−4.3*
Health services—			
Government's contributions under the Hospital Insurance and Diagnostic Services Act	314.0	433.9	−119.9
Grants to provinces—			
General health	32.0	35.2	−3.2
Hospital construction	20.0	21.5	−1.5
Other	7.0	6.8	0.2
	373.0	*497.4*	*−124.4*
Medical services	37.5	32.5	5.0
Food and drug services	5.3	4.3	1.0
Administration and general	2.3	2.3	
	1,178.4	1,301.1	−122.7

Welfare services account for $760 million, $4 million less than in 1964–65, health services account for $373 million compared with $497 million and medical services account for $37 million compared with $32 million in the previous fiscal year.

Family allowances

Family allowances are payable in respect of all children under sixteen years of age, resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada one year before an allowance is payable. The monthly allowance is $6 if the child is under 10 years of age and $8 in the age group 10 to 15. Children of immigrants receive family assistance at the same rates during their first year of residence in Canada. As family assistance in 1964–65 was paid from a Department of Citizenship and Immigration vote the 1964–65 figures in the previous table have been adjusted accordingly.

In 1965–66 payments of $552 million account for 7 per cent of all budgetary expenditure compared with $546 million and 8 per cent in 1964–65. The increase of $6 million reflects the increase in the number of children in the eligible age groups.

TABLE 31

(in millions of dollars)

Family Allowances Payments	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Newfoundland	16.5	16.9	−0.4
Nova Scotia	21.6	21.8	−0.2
Prince Edward Island	3.2	3.3	−0.1
New Brunswick	18.9	19.1	−0.2
Quebec	166.1	163.9	2.2
Ontario	182.4	179.0	3.4
Manitoba	25.9	25.9	
Saskatchewan	26.9	26.9	
Alberta	42.3	42.0	0.3
British Columbia	47.0	45.7	1.3
Northwest and Yukon Territories	1.2	1.3	−0.1
	552.0	545.8	6.2

Youth allowances

Under the Youth Allowances Act which was given Royal Assent on July 16, 1964, payments were effective from September 1964. Under provisions of this act payments of $10 per month are payable in respect of persons resident in Canada, other than those resident in the Province of Quebec, who have attained the age of 16 years and have not attained the age of 18 years who are in full time attendance at a school or university or are by reason of mental or physical infirmity precluded from attending school or university. During 1965–66 payments amount to $47 million compared with $27 million in 1964–65.

TABLE 32
(in millions of dollars)

Youth Allowances Payments	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Newfoundland	1.5	0.9	0.6
Nova Scotia	2.6	1.6	1.0
Prince Edward Island	0.3	0.2	0.1
New Brunswick	2.3	1.4	0.9
Ontario	21.8	12.7	9.1
Manitoba	3.3	1.9	1.4
Saskatchewan	3.4	2.0	1.4
Alberta	4.8	2.8	2.0
British Columbia	5.9	3.4	2.5
Northwest and Yukon Territories	0.6	(1)	0.6
	46.5	26.9	19.6

(1) Less than $50,000.

Old age assistance, disabled persons allowances, blind persons allowances and unemployment assistance

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $75 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group 65 to 69. (Under the Old Age Security Act, all persons who satisfy the residence requirements of the act may receive a pension of $75 per month from the federal government out of the old age security fund provided that no pension is paid in any month before January 1966 in which the person had not attained 70 years of age, the age limit being reduced by one in each subsequent year until 1970.) Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances of not more than $75 per month to blind persons in need 18 years of age or over by paying 75 per cent of the total payments, and under the Disabled Persons Act by paying 50 per

TABLE 33
(in millions of dollars)

Federal Share of Old Age Assistance, Disabled Persons Allowances, Blind Persons Allowances and Unemployment Assistance	Fiscal year ending March 31, 1966 (estimated)			
	Old age assistance	Disabled persons allowances	Blind persons allowances	Unemployment assistance
Newfoundland	2.0	0.8	0.2	4.6
Nova Scotia	2.2	1.5	0.5	1.5
Prince Edward Island	0.4	0.4	0.1	0.2
New Brunswick	2.2	1.3	0.4	1.5
Quebec				24.8
Ontario	10.9	7.3	1.2	28.1
Manitoba	2.2	0.7	0.3	5.5
Saskatchewan	2.2	0.9	0.2	5.4
Alberta	2.4	0.9	0.3	12.2
British Columbia	2.4	1.0	0.4	20.6
Northwest and Yukon Territories	0.1	(1)	(1)	0.2
	27.0	14.8	3.6	104.6

(1) Less than $50,000.

cent of not more than $75 per month for allowances to disabled persons in need 18 years of age or over. In 1965–66 payments for old age assistance amount to $27 million, for disabled persons allowances $15 million and for blind persons allowances $4 million. In 1964–65 payments were $45 million for old age assistance, $23 million for disabled persons allowances and $6 million for blind persons allowances. The decreases are due to the opting out of these programs by the Province of Quebec under federal-provincial agreement.

Under the Unemployment Assistance Act, the Minister may, with the approval of the Governor in Council, enter into an agreement with any province for the payment by Canada to the province of contributions not exceeding 50 per cent of unemployment assistance costs in the province. Contributions in 1965–66 are $105 million compared with $108 million in 1964–65. The decrease is due to the opting out of a portion of this program by the Province of Quebec under federal-provincial agreement.

The following table presents a distribution of these payments to provinces for 1965–66:

Government's contributions under the Hospital Insurance and Diagnostic Services Act

Contributions of $314 million to the provinces under the Hospital Insurance and Diagnostic Services Act are $120 million less than the 1964–65 total of $434 million, due mainly to the Province of Quebec opting out of this program.

TABLE 34
(in millions of dollars)

Government's Contributions under the Hospital Insurance and Diagnostic Services Act	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Newfoundland	9.7	9.6	0.1
Nova Scotia	18.4	15.9	2.5
Prince Edward Island	2.0	2.1	−0.1
New Brunswick	11.6	13.8	−2.2
Quebec		128.2	−128.2
Ontario	159.4	151.5	7.9
Manitoba	20.3	20.9	−0.6
Saskatchewan	23.3	23.5	−0.2
Alberta	32.5	31.4	1.1
British Columbia	36.0	36.1	−0.1
Northwest and Yukon Territories	0.8	0.9	−0.1
	314.0	433.9	−119.9

General health grants and hospital construction grants to provinces

Grants to provinces for general health services total $32 million and for hospital construction $20 million compared with $35 million and $22 million respectively in 1964–65. The decrease is partially due to the opting out of a portion of this program by the Province of Quebec under federal-provincial agreement.

TABLE 35

(in millions of dollars)

General Health Grants and Hospital Construction Grants	Fiscal year ending March 31, 1966 (estimated)		
	General health grants	Hospital construction grants	Total
Newfoundland	1.1	0.6	1.7
Nova Scotia	1.8	0.7	2.5
Prince Edward Island	0.4	(1)	0.4
New Brunswick	1.5	0.7	2.2
Quebec	3.3	5.7	9.0
Ontario	12.0	7.0	19.0
Manitoba	2.6	1.0	3.6
Saskatchewan	2.5	1.0	3.5
Alberta	2.9	2.3	5.2
British Columbia	3.7	1.0	4.7
Northwest and Yukon Territories	0.2	(1)	0.2
	32.0	20.0	52.0

(1)Less than $50,000.

National Research Council, including the Medical Research Council

Expenditures of the National Research Council, including the Medical Research Council, are $74 million, an increase of $17 million over the previous year's total.

Outlays of $33 million in respect of scholarships and grants in aid of research account for $10 million of the increase and higher outlays of $32 million for administration account for $5 million.

TABLE 36

(in millions of dollars)

National Research Council, including the Medical Research Council	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Scholarships and grants in aid of research	33.3	23.3	10.0
Construction or acquisition of buildings, works, land and equipment	5.9	4.5	1.4
Assistance towards research in industry	3.4	2.2	1.2
Administration and general	31.5	26.6	4.9
	74.1	56.6	17.5

National Revenue

Expenditures of the Department of National Revenue amount to $95 million, an increase of $8 million over the 1964–65 total of $87 million.

TABLE 37
(in millions of dollars)

National Revenue	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Customs and excise	48.2	44.2	4.0
Taxation	46.7	42.4	4.3
Income tax appeal board	0.3	0.3	
	95.2	86.9	8.3

Northern Affairs and National Resources

Expenditures of the Department of Northern Affairs and National Resources, including the Indian affairs branch, are $153 million compared with $127 million in the previous year.

Expenditures of the Indian affairs branch, which in previous years were included under the Department of Citizenship and Immigration, are now included in expenditures of the Department of Northern Affairs and National Resources. Expenditures pursuant to the Atlantic Provinces Power Development Act and expenditures in respect of water resources and resource development (excluding those parts concerned with the administration of resources on Indian lands) which in previous years were included under the Department of Northern Affairs and National Resources are now included in expenditures of the Department of Mines and Technical Surveys.

TABLE 38
(in millions of dollars)

Northern Affairs and National Resources	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Indian affairs—			
Education	40.7	35.7	5.0
Social programs	25.0	16.7	8.3
Indian agencies	7.7	6.5	1.2
Economic development	4.5	2.4	2.1
Community employment program	1.4	1.7	−0.3
Administration and general	2.2	1.8	0.4
	81.5	*64.8*	*16.7*
Northern administration	40.1	35.8	4.3
National parks	29.5	25.1	4.4
Administration and general	2.1	1.7	0.4
	153.2	127.4	25.8

Indian affairs expenditures are $82 million, an increase of $17 million over the previous year's total. There are increases of $8 million in respect of social programs, $5 million for education, $2 million for economic development and $1 million for Indian agencies.

Outlays of $40 million in respect of northern administration are $4 million more than in 1964–65 and outlays of $29 million in respect of national parks are $4 million more than in the previous fiscal year.

Post Office

Costs of the Post Office Department charged to budgetary expenditure at $239 million are $29 million more than in 1964–65 due mainly to normal staff growth and to salary increases.

TABLE 39
(in millions of dollars)

Post Office	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Charged to budgetary expenditure—			
Operations—salaries and other expenses of staff post offices, district offices and railway mail services; and supplies and equipment and other items for revenue post offices	159.5	135.4	24.1
Transportation—movement of mail by land, air and water	72.7	69.1	3.6
Financial services	3.6	3.4	0.2
Administration and general	3.4	2.6	0.8
	239.2	*210.5*	*28.7*
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	37.0	33.3	3.7
	276.2	243.8	32.4

Costs of operations at $160 million are $24 million more than in the previous fiscal year and costs of movement of mail at $73 million are $4 million more.

Remuneration of postmasters and staffs at revenue and semi-staff offices and certain other authorized disbursements are paid from revenue. These payments at $37 million ($4 million more than in 1964–65) bring gross post office expenditures to $276 million in 1965–66.

Public Works

Expenditures of the Department of Public Works amount to $259 million, $35 million more than in 1964–65.

Accommodation services

Expenditures for these services are $109 million, $21 million higher than the 1964–65 total.

Maintenance and operation of public buildings and grounds at $72 million are $17 million higher and construction or acquisition of buildings, etc. at $35 million are $5 million higher than in 1964–65.

Harbours and rivers engineering services

Expenditures for these services total $36 million, $6 million higher than in 1964–65 due mainly to an increase in outlays for construction or acquisition, etc. of harbour and river works which are $28 million compared with $23 million in the previous fiscal year.

Roads, bridges and other engineering services

Expenditures for these services total $89 million, $2 million higher than in 1964–65. Contributions of $80 million to provinces in respect of the trans-Canada highway are $4 million higher.

TABLE 40
(in millions of dollars)

Public Works	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Accommodation services—			
Maintenance and operation of public buildings and grounds—			
Ottawa and Hull	27.8	20.2	7.6
Other than Ottawa and Hull	41.3	33.2	8.1
Office furniture and furnishings	3.2	2.3	0.9
Acquisition of equipment and furnishings other than office furnishings	1.3	1.5	−0.2
Construction, acquisition, major repairs, etc. of public buildings—			
Ottawa	17.5	15.1	2.4
Other than Ottawa	17.6	15.1	2.5
	108.7	*87.4*	*21.3*
Harbours and rivers engineering services—			
Operation and maintenance	7.9	7.0	0.9
Construction or acquisition of equipment	0.5	0.7	−0.2
Construction, acquisition, major repairs, etc. of harbour and river works	27.5	22.5	5.0
Dry dock subsidies	0.2	0.1	0.1
	36.1	*30.3*	*5.8*
Roads, bridges and other engineering services—			
Operation and maintenance	5.2	9.0	−3.8
Construction, acquisition, major repairs and improvements of, and plans and sites for, roads, bridges and other engineering works	3.9	2.4	1.5
Trans-Canada highway—			
Contributions to provinces under terms of the Trans-Canada Highway Act	80.0	76.1	3.9
Construction through national parks	0.3	0.2	0.1
	89.4	*87.7*	*1.7*
Testing laboratories	1.1	1.0	0.1
Federal share of an ice control structure	8.9	5.8	3.1
Administration and general	15.2	11.8	3.4
	259.4	224.0	35.4

Royal Canadian Mounted Police

Expenditures of the Royal Canadian Mounted Police are $82 million compared with $76 million in the previous fiscal year. Receipts of $16 million, arising

TABLE 41
(in millions of dollars)

Royal Canadian Mounted Police	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Land, air and training divisions	59.4	55.9	3.5
Headquarters administration and national police services	10.7	9.8	0.9
Pensions and other benefits—			
Pensions	4.5	4.1	0.4
Royal Canadian Mounted Police superannuation account—			
Government's contribution	3.9	3.2	0.7
Amortization of deferred charges	1.1	1.0	0.1
Other	0.2	0.2	
	9.7	*8.5*	*1.2*
Marine services	2.2	2.0	0.2
	82.0	76.2	5.8

out of expenditures for policing certain provinces, territories and municipalities, are credited to revenue. In 1964–65 receipts of $16 million were credited to revenue.

Secretary of State

Expenditures of the Department of the Secretary of State amount to $26 million, an increase of $4 million over the previous fiscal year's total.

Centennial Commission expenditures of $20 million are $13 million higher than in 1964–65 due mainly to increases of $7 million in outlays for programs and projects of national significance and $5 million in payments to the centennial of confederation fund to enable grants to be made to the provinces for local projects of a lasting nature.

Outlays of $3 million in respect of the translation bureau and $2 million in respect of the National Museum of Canada are both slightly higher than in 1964–65.

There is no comparable expenditure in 1965–66 to the special grant of $10 million made in 1964–65 under the Canada Council Act.

TABLE 42
(in millions of dollars)

Secretary of State	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Centennial Commission—			
Programs and projects of national significance	9.0	2.5	6.5
Payment to the centennial of confederation fund	9.0	4.0	5.0
General administration	2.0	0.8	1.2
	20.0	*7.3*	*12.7*
Translation Bureau	2.8	2.2	0.6
National Museum of Canada	1.8	1.4	0.4
Special grants—Canada Council Act		10.0	−10.0
Administration and general	1.2	1.0	0.2
	25.8	21.9	3.9

Office of the Solicitor General

Expenditures of the Office of the Solicitor General amount to $57 million compared with $39 million in the previous fiscal year.

The increase of $18 million is due mainly to increases of $15 million in outlays for construction or acquisition of buildings, etc. and $3 million in outlays for operation and maintenance of penitentiaries.

Correctional services expenditures which in previous years were shown under the Department of Justice are now shown under the Office of the Solicitor General

TABLE 43

(in millions of dollars)

Office of the Solicitor General	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Correctional services—			
Administration of the Canadian penitentiaries service	0.9	0.8	0.1
Operation and maintenance of penitentiaries	27.1	23.8	3.3
Parole Act administration	0.8	0.8	
Construction or acquisition of buildings, works, land and equipment	28.4	13.6	14.8
Other	0.1		0.1
	57.3	39.0	18.3

Trade and Commerce

Expenditures of the Department of Trade and Commerce at $47 million are $8 million less than in 1964–65.

Outlays of $5 million in respect of the Canadian corporation for the 1967 world exhibition compare with $20 million in 1964–65. The decrease is due mainly to the fact that no payment is being made to the corporation in 1965–66 comparable to the payment of $19 million in 1964–65, pursuant to sec. 11 of the Canadian Corporation for the World Exhibition Act, partly offset by an increase of of $4 million for Canadian government participation in the exhibition.

Outlays of $16 million in respect of the Dominion Bureau of Statistics are $2 million higher than in 1964–65 and outlays of $6 million for the Canadian government travel bureau are $2 million higher.

Expenditures of the Canadian Wheat Board and of the National Energy Board, which in previous years were included in expenditures of the Department of Trade and Commerce are now included in expenditures of the Departments of Finance and Mines and Technical Surveys, respectively.

TABLE 44

(in millions of dollars)

Trade and Commerce	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Dominion Bureau of Statistics	15.8	13.5	2.3
Trade commissioner service	7.6	6.8	0.8
Canadian government travel bureau	6.4	4.9	1.5
Canadian corporation for the 1967 world exhibition—			
Canadian government participation	5.0	0.8	4.2
Payment to the corporation		18.6	−18.6
Acquisition of land		0.1	−0.1
	5.0	*19.5*	*−14.5*
Standards branch	3.6	3.3	0.3
Administration and general	8.4	6.7	1.7
	46.8	54.7	−7.9

The Budget—Appendix

Transport

Expenditures of the Department of Transport are $524 million compared with $466 million in 1964–65.

TABLE 45

(in millions of dollars)

Transport	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Air services—			
Airports and other ground services	50.0	46.8	3.2
Radio aids to air and marine navigation	40.2	36.5	3.7
Meteorological services	22.0	21.8	0.2
Air traffic control	10.0	9.4	0.6
Control of civil aviation	6.3	6.7	−0.4
Radio Act and Regulations	4.1	3.5	0.6
Administration and general	8.6	6.7	1.9
	141.2	*131.4*	*9.8*
Railways and steamships—			
Construction or acquisition	26.6	10.2	16.4
Maritime Freight Rates Act—			
Difference between tariffs and normal tolls	15.3	14.7	0.6
Railway to Great Slave Lake	12.0	24.1	−12.1
Victoria Bridge	0.8	0.9	−0.1
Deficits—			
Canadian National Railways	33.4	38.7	−5.3
Newfoundland ferry and terminals	12.7	11.1	1.6
Prince Edward Island car ferry and terminals	4.1	4.0	0.1
Yarmouth, N.S.—Bar Harbour, Maine, U.S.A. ferry service		0.1	−0.1
Other	1.0	0.2	0.8
	105.9	*104.0*	*1.9*
Board of Transport Commissioners for Canada—			
Payments to the railways for the maintenance of the rates of freight traffic	95.2	68.7	26.5
Maintenance of trackage	7.0	7.0	
Contributions to the railway grade crossing fund	14.0	5.1	8.9
Administration and general	1.6	1.5	0.1
	117.8	*82.3*	*35.5*
Marine services—			
Canadian coast guard	50.0	38.0	12.0
Aids to navigation	14.9	10.9	4.0
Canals	9.6	7.0	2.6
Marine hydraulics including the St. Lawrence and Saguenay Rivers ship channels	6.1	3.0	3.1
Marine regulations	5.0	4.4	0.6
Administration and general	1.6	1.2	0.4
	87.2	*64.5*	*22.7*
Canadian Maritime Commission	49.8	40.6	9.2
Canals and works entrusted to The St. Lawrence Seaway Authority—			
Welland Canal deficit 1965	8.3		8.3
Welland Canal deficit 1959–64		27.1	−27.1
Other operating deficit and capital requirements	2.2	1.9	0.3
	10.5	*29.0*	*−18.5*
National Harbours Board	5.1	7.6	−2.5
Administration and general	6.3	7.0	−0.7
	523.8	466.4	57.4

Air services

Outlays for air services at $141 million are $10 million higher than the 1964–65 total due mainly to an increase of $3 million in respect of airports and other ground services and an increase of $4 million for radio aids to air and marine navigation.

Railways and steamships

Expenditures for these services are $106 million compared with $104 million in 1964–65.

Costs of construction or acquisition of buildings, works, land, etc. are $27 million, $16 million higher than 1964–65 costs due mainly to improvements of the facilities, terminals, ships, etc., in the Port-aux-Basques—North Sydney ferry service; payments under the Maritime Freight Rates Act are $15 million, $1 million higher; and the subsidy of $12 million in respect of a railway to Great Slave Lake is $12 million less.

The charge of $33 million to budgetary expenditure in 1965–66 to cover the 1965 operating deficit of the Canadian National Railways is $5 million less than the charge of $38 million in 1964–65 to cover the railway's 1964 operating deficit.

Board of Transport Commissioners

Expenditures in respect of the board amount to $118 million compared with $82 million in 1964–65.

Included are $95 million in payments to the railways for the maintenance of the rates of freight traffic compared with $69 million in 1964–65, $7 million in each year in payments to the railways for maintenance of trackage in northern Ontario and $14 million in contributions to the railway grade crossing fund compared with $5 million in the previous year.

Marine services

Expenditures of $87 million for marine services are $23 million more than in 1964–65. Included in these expenditures are $50 million in respect of the Canadian coast guard, $12 million higher than in 1964–65 and $15 million in respect of aids to navigation, $4 million more than in the previous fiscal year. The aggregate increase is due to increased outlays for capital works.

Canadian Maritime Commission

Expenditures of the commission in the amount of $50 million are $9 million higher than in 1964–65 due mainly to increased outlays in respect of capital subsidies for the construction of commercial and fishing vessels.

Canals and works entrusted to The St. Lawrence Seaway Authority

Expenditures of $11 million are $18 million less than in 1964–65, due mainly to the fact that the 1964–65 total included a payment of $27 million covering the accumulated Welland Canal deficit for 1959–64 whereas the 1965–66 total includes a payment of $8 million for the Welland Canal deficit for 1965.

National Harbours Board

Non-active advances to the board total $5 million and include $4 million to cover expenditures in connection with the 1967 World Exhibition. In 1964–65 non-active advances totalled $8 million and included $6 million to cover expenditures in connection with the 1967 World Exhibition.

Veterans Affairs

Expenditures of the Department of Veterans Affairs are $370 million, an increase of $18 million over the 1964–65 total.

War veterans allowances and civilian allowances at $100 million are $7 million higher, pensions for disability and death at $186 million are $5 million higher and costs of $50 million for treatment services are $4 million higher than in 1964–65.

TABLE 46
(in millions of dollars)

Veterans Affairs	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Pensions—			
Disability and death	185.5	180.3	5.2
Administration and general	2.9	2.8	0.1
	188.4	*183.1*	*5.3*
Welfare services, allowances and other benefits—			
War veterans allowances and civilian allowances	100.2	92.8	7.4
Assistance under provisions of the Assistance Fund (War Veterans Allowances) Regulations	5.8	4.0	1.8
Veterans welfare services	4.0	3.8	0.2
Treatment and related allowances	2.7	2.7	
Administration and general	3.4	3.5	−0.1
	116.1	*106.8*	*9.3*
Treatment services	50.1	46.4	3.7
Soldier settlement and veterans land act—			
Provision for reserve for conditional benefits	3.0	3.1	−0.1
Administration and general	4.6	4.5	0.1
	7.6	*7.6*	
Administration and general	7.8	7.7	0.1
	370.0	351.6	18.4

All Other Departments

Expenditures of the departments not dealt with individually amount to $65 million, an increase of $27 million over the total for 1964–65.

Expenditures under the Combines Investigation Act in respect of the restrictive trade practices commission and the office of investigation and research and expenditures of the patent division, copyright and industrial designs division and the trade marks office, which were included previously under expenditures of the Department of Justice, are now included in expenditures of the Privy Council.

The main changes are an increase of $13 million in respect of the Office of the Chief Electoral Officer due to the general election in 1965–66 and an increase of $6 million in non-defence expenditures of the Department of Defence Production as a result of three new services (supply, purchasing and repair) coming into operation.

TABLE 47
(in millions of dollars)

All Other Departments	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Auditor General's Office	1.7	1.6	0.1
Board of Broadcast Governors	0.4	0.4	
Office of the Chief Electoral Officer	13.1	0.6	12.5
Civil Service Commission	8.2	6.2	2.0
Defence Production[1]	[2]9.0	3.3	5.7
Economic Council	1.1	0.8	0.3
Governor General and Lieutenant-Governors	0.7	0.6	0.1
Industry[1]	6.0	3.3	2.7
Insurance	1.5	1.4	0.1
National Film Board	6.9	6.4	0.5
National Gallery of Canada	1.9	1.3	0.6
Privy Council	9.1	8.2	0.9
Public Archives and National Library	1.9	1.5	0.4
Public Printing and Stationery	3.0	2.7	0.3
Office of the Representation Commissioner	0.8	0.2	0.6
	65.3	38.5	26.8

[1] See also under defence expenditure at the beginning of this section.

[2] The Canadian government supply service, Canadian government purchasing service and the Canadian government repair service came into operation substantially in 1965–66 and are the cause of the large increase in non-defence expenditure.

The Budget—Appendix

ASSET AND LIABILITY ACCOUNTS

The estimated assets and liabilities of the Government of Canada as at March 31, 1966, the comparable balances at March 31, 1965 and the changes in each category during 1965–66, are shown in condensed form in the following table.

TABLE 48

SUMMARY OF ASSETS AND LIABILITIES OF CANADA

(in millions of dollars)

	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
LIABILITIES			
Current and demand liabilities	1,467.2	1,432.6	34.6
Deposit and trust accounts	394.6	272.3	122.3
Annuity, insurance and pension accounts	6,381.2	5,675.9	705.3
Undisbursed balances of appropriations to special accounts	87.6	95.7	−8.1
Deferred credits	136.1	113.2	22.9
Suspense accounts	13.8	5.5	8.3
Unmatured debt	19,136.6	18,978.2	158.4
Total liabilities	27,617.1	26,573.4	1,043.7
ASSETS			
Current assets	1,291.1	1,302.0	−10.9
Advances to the exchange fund account	2,672.0	2,621.0	51.0
Investments in special United States of America securities—			
Columbia River Treaty	187.2	219.5	−32.3
Sinking fund and other investments held for retirement of unmatured debt		5.4	−5.4
Canada pension plan investment account	34.0		34.0
Loans to, and investments in, Crown corporations	5,535.2	4,914.5	620.7
Loans to national governments	1,343.8	1,288.4	55.4
Other loans and investments	1,036.9	908.1	128.8
Securities held in trust	171.9	53.1	118.8
Deferred charges—			
Unamortized portions of actuarial deficiencies—			
Canadian forces superannuation account	54.0	53.8	0.2
Public service superannuation account	92.5	39.9	52.6
Royal Canadian Mounted Police superannuation account	3.8	4.2	−0.4
Unamortized loan flotation costs	107.9	110.7	−2.8
	258.2	*208.6*	*49.6*
Capital assets	(1)	(1)	
Inactive loans and investments	94.8	94.8	
Total recorded assets	12,625.1	11,615.4	1,009.7
Less reserve for losses on realization of assets	−546.4	−546.4	
Net recorded assets	12,078.7	11,069.0	1,009.7
Net debt, represented by excess of liabilities over net recorded assets	15,538.4	15,504.4	(2)34.0

(1) Shown at nominal value of $1.

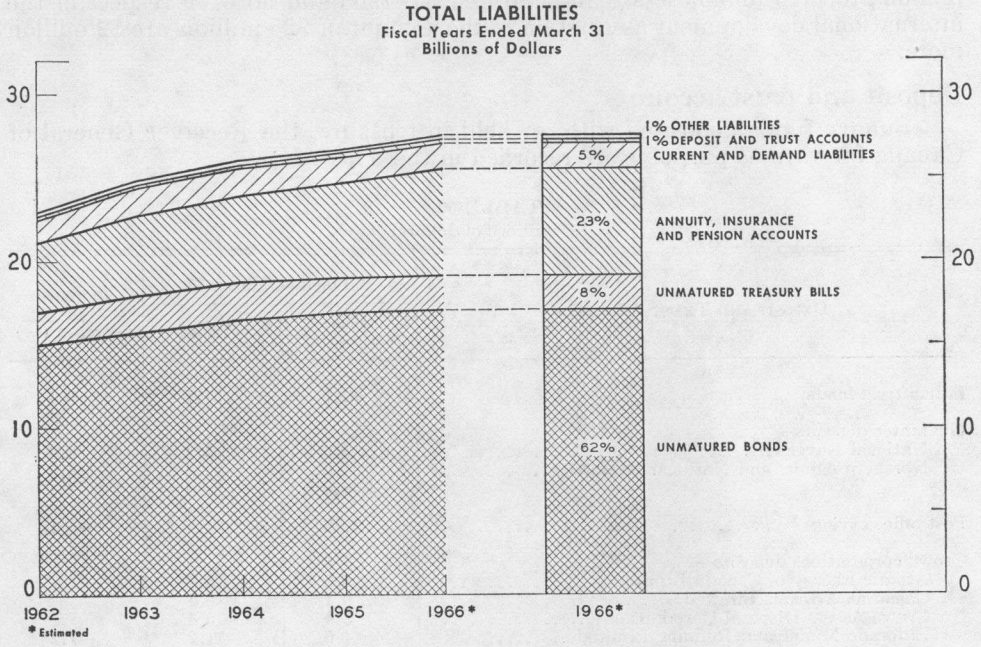
(2) Reflecting the budgetary deficit of $34 million.

SUMMARY

The gross liabilities of the government are estimated at $27,617 million as at March 31, 1966 compared with $26,573 million at March 31, 1965. The main changes are increases of $705 million in annuity, insurance and pension accounts, $158 million in unmatured debt and $122 million in deposit and trust accounts.

Net recorded assets are estimated at $12,079 million as at March 31, 1966 compared with $11,069 million at March 31, 1965. The main changes are increases of $621 million in loans to, and investments in, Crown corporations, $144 million in securities held in trust and $129 million in other loans and investments.

The net debt of Canada, or the excess of liabilities over net recorded assets, at $15,538 million is $34 million higher than the net debt of $15,504 million at March 31, 1965, reflecting the 1965–66 budgetary deficit of $34 million.



LIABILITY ACCOUNTS

Current and demand liabilities

These liabilities, which consist of obligations of the government payable currently or on demand, in the amount of $1,467 million are $35 million more than the total at March 31, 1965.

TABLE 49
(in millions of dollars)

CURRENT AND DEMAND LIABILITIES	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Outstanding treasury cheques	352.9	315.1	37.8
Accounts payable	412.9	363.9	49.0
Non-interest-bearing notes payable to—			
The international development association	25.0	22.9	2.1
The international monetary fund	235.0	345.0	−110.0
	260.0	*367.9*	*−107.9*
Matured debt outstanding	23.5	19.1	4.4
Interest due and outstanding	117.0	102.0	15.0
Interest accrued	267.6	231.2	36.4
Post office—outstanding money orders	26.4	26.6	−0.2
Outstanding letter of credit cheques	6.0	6.0	
Other current liabilities	0.9	0.8	0.1
	1,467.2	1,432.6	34.6

The Budget—Appendix

The main changes during 1965–66 are a decrease of $108 million in non-interest-bearing notes payable on demand and increases of $38 million in outstanding treasury cheques, $49 million in accounts payable and $36 million in accrued interest.

Non-interest-bearing notes represent those portions of Canada's equities in the capital of certain international agencies which are not covered by cash or gold. Notes in respect of the international monetary fund in the amount of $235 million are $110 million less than at March 31, 1965 and notes in respect of the international development association in the amount of $25 million are $2 million more.

Deposit and trust accounts

Sundry funds deposited with, or held in trust by, the Receiver General of Canada for various purposes are recorded in these accounts.

TABLE 50
(in millions of dollars)

Deposit and Trust Accounts	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Indian trust funds	31.5	31.1	0.4
Guarantee deposits—			
National Revenue	5.6	5.3	0.3
Northern Affairs and National Resources	30.0	29.2	0.8
	35.6	*34.5*	*1.1*
Post office savings bank	22.2	23.3	−1.1
Crown corporations deposits—			
Atomic Energy of Canada Limited	5.0	5.0	
Canadian Arsenals Limited	0.1	0.1	
Crown Assets Disposal Corporation	0.4	0.4	
Eldorado Mining and Refining Limited	4.0	11.2	−7.2
Export Credits Insurance Corporation	14.0	10.0	4.0
	23.5	*26.7*	*−3.2*
Canadian Pension Commission—administration trust fund	15.2	14.5	0.7
National Harbours Board—special accounts	18.4	13.5	4.9
Instalment purchase of bonds, public service	12.9	13.2	−0.3
Contractors holdbacks	9.1	8.8	0.3
Contractors securities—sundry departments—			
Bonds	2.5	4.2	−1.7
Cash	1.3	1.6	−0.3
Certified cheques	0.2	0.2	
	4.0	*6.0*	*−2.0*
Army benevolent fund	5.2	5.6	−0.4
Canadian Arsenals Limited pension fund	1.0	1.0	
Canadian vessel construction assistance	6.7		6.7
Common school funds—Ontario and Quebec	2.7	2.7	
Emergency gold mining assistance—holdbacks	2.2	2.3	−0.1
Immigration guarantee fund	1.5	1.3	0.2
National Research Council—special fund	2.3	2.3	
Northwest Territories revenue account	3.0	2.7	0.3
Permanent services deferred pay	3.3	3.4	−0.1
Provincial tax collection agreements account	50.7	48.8	1.9
Royal Canadian Mint—prepayments	0.5	3.1	−2.6
Municipal development and loan board—security deposits	124.4	9.4	115.0
Veterans land act trust account—general	5.4	4.5	0.9
United States of America	1.2	1.6	−0.4
Veterans care trust fund	2.9	2.7	0.2
Other	9.2	9.3	−0.1
	394.6	272.3	122.3

There was a net increase of $122 million during 1965–66 bringing the total to $395 million at March 31, 1966 due mainly to an increase of $115 million in the municipal development and loan board—security deposits account.

Annuity, insurance and pension accounts

Recorded herein are moneys held in the consolidated revenue fund to the credit of various annuity, insurance and pension accounts.

During 1965–66 an increase of $705 million brings the total to $6,381 million as at March 31, 1966. The main changes are increases of $224 million in the public service superannuation account, $163 million in the Canadian forces superannuation account, $215 million in the old age security fund and a new account for the Canada pension plan which has a balance of $80 million at March 31, 1966.

TABLE 51
(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Unemployment insurance fund	159.0	58.3	100.7
Less investment in bonds and accrued interest	−147.5	−44.0	−103.5
Uninvested funds on deposit with the government	11.5	14.3	−2.8
Superannuation accounts—			
Public service	2,385.8	2,161.8	224.0
Canadian forces	2,191.1	2,028.1	163.0
Royal Canadian Mounted Police	65.7	57.7	8.0
	4,642.6	*4,247.6*	*395.0*
Canada pension plan account	80.0		80.0
Government annuities	1,320.5	1,303.2	17.3
Old age security fund	215.0		215.0
Other	111.6	110.8	0.8
	6,381.2	5,675.9	705.3

Unemployment insurance fund

The balance in the fund at March 31, 1966 is $159 million (of which $22 million represents a liability for unredeemed warrants and deposits from employers) and consists of $147 million invested in special government bonds (including accrued interest) and $12 million on deposit with the Receiver General. The balance in the fund at March 31, 1965 was $58 million (of which $18 million represented a liability for unredeemed warrants and deposits from employers) consisting of $44 million invested in special government bonds (including accrued interest) and $14 million on deposit with the government.

Receipts of $395 million during the fiscal year include employee and employer contributions of $325 million, the government's contribution of $65 million and $5 million in interest from investments. As benefit payments total $302 million, receipts exceed payments from the fund by $93 million during 1965–66. Receipts during 1964–65 totalled $375 million and included employee and employer contributions of $311 million, the government's contribution of $62 million and $2 million in income from investments. Benefit payments during 1964–65 totalled $335 million.

The Budget—Appendix

TABLE 52
(in millions of dollars)

Unemployment Insurance Fund	Fiscal year ending March 31				
	1962	1963	1964	1965	1966 (estimated)
Revenue—					
Contributions—					
Employee and employer[1]	277.8	286.4	296.6	310.8	325.4
Government[2]	55.5	57.3	59.3	62.1	65.5
Net income from investments	6.2	2.5	1.1	1.8	4.6
Other income	0.1	0.1	0.1	0.1	0.1
	339.6	346.3	357.1	374.8	395.6
Expenditure—					
Benefit payments	−454.7	−403.2	−365.7	−335.0	−301.9
Interest on loans	−3.0		−0.2	−0.2	
Excess of revenue over expenditure or expenditure over revenue (−)	−118.1	−56.9	−8.8	39.6	93.7
Balance at credit of fund at fiscal year-end	66.6	9.7	0.9	40.5	136.8
Unredeemed benefit warrants and deposits from employers	11.6	16.7	15.9	17.8	22.2
	78.2	26.4	16.8	58.3	159.0
Investment in bonds and accrued interest	−63.6	−11.8		−44.0	−147.5
Balance on deposit with the government	14.6	14.6	16.8	14.3	11.5

[1] Contributions by employees and employers are on an equal basis.

[2] Government contribution is equal to 20 per cent of the combined employee-employer contributions.

Public service superannuation account

The balance of $2,386 million in this account is $224 million higher than the balance at the end of the previous fiscal year.

Receipts of $290 million during the year consist of credits of $78 million in respect of a salary revision made in 1965–66, contributions of $65 million by individuals, a contribution of $58 million by the government, contributions of $3 million by certain Crown corporations and interest of $86 million credited to the account by the government. Contributions by the government and Crown corporations are equal to the estimated current and prior service payments of individuals in 1964–65. Interest at 4 per cent per annum is credited to the account quarterly and is computed quarterly on the outstanding balance at the end of the previous quarter.

Disbursements total $66 million and include $55 million in annuities and $11 million in withdrawals of contributions.

In 1964–65 receipts totalled $369 million and disbursements totalled $64 million.

Canadian forces superannuation account

The balance of $2,191 million at March 31, 1966 reflects an increase of $163 million during the fiscal year.

Receipts of $198 million include $36 million in contributions by personnel, $59 million in regular government contributions, $86 million in interest credited by the government and a credit of $17 million in respect of additional liabilities

due to increased rates of pay for certain ranks. Regular government contributions are made at the rate of one and two-thirds times the current and prior service contributions by personnel. Interest at 4 per cent per annum is credited to the account quarterly and is computed quarterly on the outstanding balance at the end of the previous quarter.

Disbursements of $35 million include $25 million in pensions and retiring allowances and $10 million in cash termination allowances and return of contributions.

In 1964–65 receipts were $237 million and disbursements were $30 million

Royal Canadian Mounted Police superannuation account

The balance of $66 million in this account as at March 31, 1966 is $8 million more than the previous fiscal year-end balance of $58 million.

Receipts during the year of $9 million consist of $2 million in contributions by personnel, $3 million in interest credited to the account and $4 million in contributions by the government.

Disbursements of $1 million consist mainly of annuities and allowances, cash termination allowances and return of contributions.

In 1964–65 receipts were $12 million and disbursements were $1 million.

Canada pension plan account

This is a new account to record contributions and payments as authorized by the Canada Pension Plan Act which became effective January 1, 1966.

Government annuities account

The balance in this account of $1,321 million is $17 million higher than the balance at March 31, 1965. Receipts of $79 million include $29 million from premiums and $50 million in interest from the government. Disbursements of $62 million consist mainly of vested annuity and commuted value payments and refunds of premiums. In 1964–65 receipts amounted to $79 million and disbursements were $60 million.

Old age security fund

Under the Old Age Security Act, as amended, all persons who satisfy the residence requirements of the act may receive a pension of $75 per month from the federal government out of the old age security fund provided that no pension is paid in any month before January 1966 in which the person had not attained 70 years of age, the age limit being reduced by one in each subsequent year until 1970.

Receipts of $1,163 million in 1965–66 exceed pension payments of $923 million by $240 million. Temporary loans by the Minister of Finance of $25 million were repaid leaving a balance in the fund of $215 million as at March 31, 1966.

In 1964–65 receipts of $960 million exceeded pension payments of $885 million by $75 million which resulted in temporary loans of $100 million as at March 31, 1964 being reduced to $25 million as at March 31, 1965.

The Budget—Appendix

TABLE 53

(in millions of dollars)

Old Age Security Fund	Fiscal year ending March 31				
	1962	1963	1964	1965	1966 (estimated)
Tax receipts—					
Sales tax	284.9	302.2	331.8	383.2	516.0
Personal income tax	259.0	273.7	302.6	431.9	496.0
Corporation income tax	100.1	115.2	115.7	145.2	151.0
Total tax receipts	644.0	691.1	750.1	960.3	1,163.0
Pension payments	−625.1	−734.4	−808.4	−885.3	−923.0
Excess of receipts over payments	18.9	−43.3	−58.3	75.0	240.0
Temporary loans brought forward	−17.3		−41.7	−100.0	−25.0
Balance in fund brought forward		1.6			
Temporary loans by the Minister of Finance to cover deficit in fund		41.7	100.0	25.0	
Balance in fund	1.6				215.0

A distribution by provinces of pension payments from the old age security fund for the last two years is shown in the following table:

TABLE 54

(in millions of dollars)

Old Age Security Payments	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Newfoundland	17.6	16.8	0.8
Nova Scotia	42.0	40.4	1.6
Prince Edward Island	8.1	7.1	1.0
New Brunswick	31.6	29.8	1.8
Quebec	198.0	189.7	8.3
Ontario	332.1	321.1	11.0
Manitoba	55.8	53.4	2.4
Saskatchewan	57.1	55.1	2.0
Alberta	63.7	60.0	3.7
British Columbia	116.2	111.3	4.9
Northwest and Yukon Territories	0.8	0.6	0.2
	923.0	885.3	37.7

Undisbursed balances of appropriations to special accounts

These special accounts record the undisbursed balances of appropriations for which moneys have been appropriated by parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made. The balance of $88 million is $8 million less than the balance at March 31, 1965.

TABLE 55
(in millions of dollars)

Undisbursed Balances of Appropriations to Special Accounts	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
International assistance account	68.5	82.3	−13.8
Railway grade crossing fund	10.4	6.9	3.5
Centennial of confederation fund	8.5	6.0	2.5
National capital fund	0.1	0.4	−0.3
Other	0.1	0.1	
	87.6	95.7	−8.1

The balance of $69 million in the international assistance account is $14 million less than the balance at March 31, 1965. Disbursements of $41 million from the fund are partly offset by a credit of $27 million, which amount is the unexpended balance of External Affairs Vote 35 as set out in the sub-vote for international development assistance.

The balance of $10 million in the railway grade crossing fund is $3 million higher than the balance at the previous fiscal year-end. The increase of $3 million is due to an amount of $14 million credited to the fund and charged to budgetary expenditure and to disbursements of $11 million from the fund.

The balance of $9 million in the centennial of confederation fund is $3 million more than the balance at March 31, 1965. The amount of $9 million credited to the fund and charged to budgetary expenditure is offset by disbursements of $6 million from the fund during the year.

Deferred credits

Recorded in these accounts are amounts due the government in respect of which payment is deferred. These are contra accounts to corresponding items under the following asset categories: "loans to, and investments in, Crown corporations", "loans to national governments" and "other loans and investments". The balance of $136 million is $23 million more than the balance at March 31, 1965.

TABLE 56
(in millions of dollars)

Deferred Credits	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Deferred interest—			
The St. Lawrence Seaway Authority	45.3	38.7	6.6
United Kingdom Financial Agreement Act, 1946	83.0	63.8	19.2
Northern Canada Power Commission	2.2	2.2	
	130.5	*104.7*	*25.8*
Balances receivable under agreements of sale of Crown assets	1.4	3.0	−1.6
Crown Assets Disposal Corporation—government equity	3.1	5.5	−2.4
Unamortized premium on loan	1.1		1.1
	136.1	113.2	22.9

The Budget—Appendix

There is an increase of $26 million in deferred interest during the year bringing the balance to $131 million as at March 31, 1966.

Deferred interest in respect of The St. Lawrence Seaway Authority, which is a contra account to a corresponding item in "loans to, and investments in, Crown corporations", increased by $7 million during the year bringing the balance at March 31, 1966 to $45 million. See the asset account for explanation of increase.

Deferred interest in respect of the loan under the United Kingdom Financial Agreement Act, 1946, which is a contra account to a corresponding item in "loans to national governments", increased by $19 million during the year bringing the balance at March 31, 1966 to $83 million. See the asset account for explanation of increase.

Balances receivable under agreements of sale of Crown assets are contra accounts to corresponding items under the asset category "other loans and investments". During the year payments of $2 million leave an outstanding balance of $1 million at March 31, 1966. There were no new agreements of sale during the year.

The government equity in the agency account of Crown assets disposal corporation is a contra account to a corresponding asset account under "other loans and investments". The balance in the account of $3 million is $2 million less than the total at the end of the previous fiscal year.

Suspense accounts

These consist of balances where some uncertainty as to disposition exists.

There is a net increase of $8 million during 1965-66 bringing the outstanding balances to $14 million as at March 31, 1966.

The replacement of materiel account, which was established by section 11 of the National Defence Act, is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries. The account is debited with disbursements representing amounts paid for procurement of replacement materiel. During 1965-66 credits to and disbursements from the account are approximately $1 million each, resulting in a balance of approximately $1 million.

The surplus Crown assets account, which is a new account established by Vote 48 of the Department of National Defence 1965-66 Estimates, is credited with all revenue received during the current and subsequent fiscal years from the sale of surplus materials, supplies and equipment and from the sale during the current fiscal year of surplus buildings, works and land. The account is debited with expenditures, subject to the approval of Treasury Board, for any of the purposes of the Department of National Defence. The balance of $8 million consists of credits to the account during the year. There were no disbursements.

TABLE 57
(in millions of dollars)

Suspense Accounts	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Replacement of materiel, sec. 11, National Defence Act	0.7	0.6	0.1
Surplus Crown assets	7.8		7.8
Unclaimed cheques	1.3	1.3	
Other	4.0	3.6	0.4
	13.8	5.5	8.3

Unmatured debt

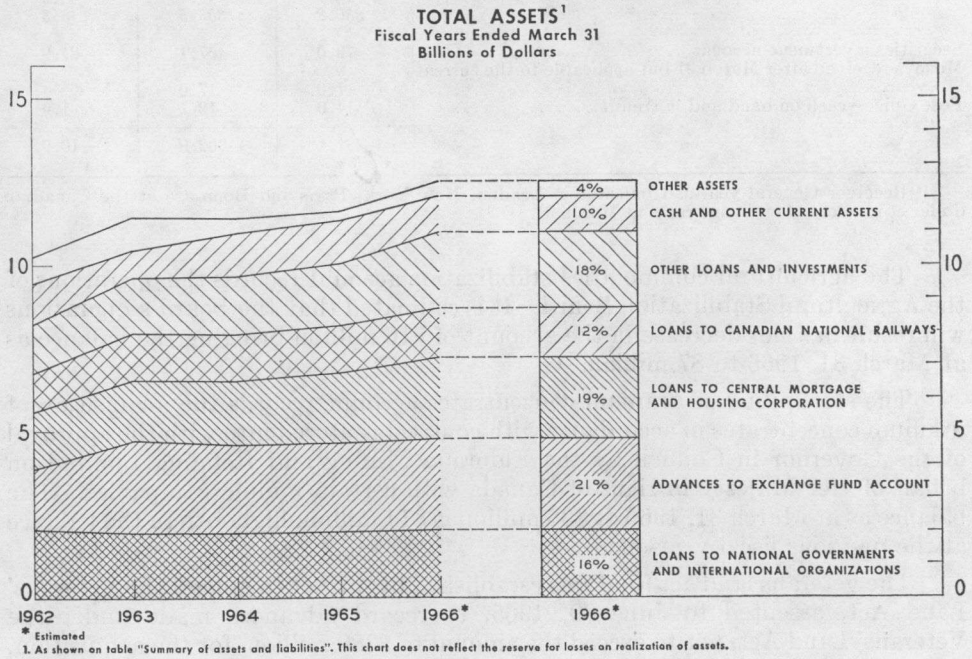
The unmatured debt of Canada in the amount of $19,137 million is $158 million more than the previous fiscal year-end total. Obligations payable in Canada are $18,766 million and those payable in New York are $371 million compared with $18,602 million and $376 million respectively at March 31, 1965.

TABLE 58
(in millions of dollars)

Unmatured Debt	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Payable in Canada—			
Marketable bonds	10,711.5	10,866.4	−154.9
Non-marketable bonds—			
Canada savings bonds	5,757.1	5,552.4	204.7
Unemployment Insurance Commission	147.0	43.0	104.0
	16,615.6	*16,461.8*	*153.8*
Treasury bills	2,150.0	2,140.0	10.0
	18,765.6	18,601.8	163.8
Payable in New York[1]	[2]371.0	[2]376.4	−5.4
	19,136.6	18,978.2	158.4

[1] Marketable bonds.
[2] Converted at the official parity rate of $1 U.S. = $1.08108 Canadian.

Details of the various loan issues, maturities and redemptions resulting in the net increase are described more fully in the section "The Public Debt".



ASSET ACCOUNTS

Current assets

These accounts consist of working capital advances and revolving funds, the securities investment account and various cash accounts.

Total current assets at $1,291 million reflect a decrease of $11 million during the year. The main changes are decreases of $40 million in cash in current and special deposits, $10 million in cash in hands of collectors and in transit and increases of $22 million in the securities investment account and $15 million in departmental working capital advances and revolving funds.

TABLE 59
(in millions of dollars)

CURRENT ASSETS	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Cash in current and special deposits[1]	642.3	682.3	−40.0
Cash in hands of collectors and in transit	158.0	168.0	−10.0
Departmental working capital advances and revolving funds—			
Agricultural commodities stabilization account	7.0	23.2	−16.2
Defence production revolving fund	26.8	30.2	−3.4
Royal Canadian Mint	16.7	18.7	−2.0
Miscellaneous departmental imprest and advance accounts	19.5	18.6	0.9
Stockpiling of uranium concentrates	37.9	24.4	13.5
Veterans land act fund	280.0	255.6	24.4
Less reserve for conditional benefits—Veterans Land Act	−22.3	−24.3	2.0
Other	15.2	19.1	−3.9
	380.8	*365.5*	*15.3*
Securities investment account	79.0	57.1	21.9
Moneys received after March 31 but applicable to the current year	17.0	17.0	
Post Office—cash on hand and in transit	14.0	12.1	1.9
	1,291.1	1,302.0	−10.9

[1] Receiver General year-end balances in London, New York, Paris and Bonn are at the Canadian dollar equivalent of exchange rates at March 31.

The agricultural commodities stabilization account records the operations of the Agricultural Stabilization Board. It is estimated that the board's operations will result in a net decrease in the account of $16 million bringing the balance as at March 31, 1966 to $7 million.

The stockpiling of uranium concentrates account records the acquisition of uranium concentrates in accordance with contracts entered into with the approval of the Governor in Council by the Eldorado Mining and Refining Limited on behalf of Her Majesty in right of Canada with certain mining companies. The balance as at March 31, 1966 at $38 million is $14 million higher than the balance at the previous fiscal year-end.

The veterans land act fund was established by an Act to amend the Veterans' Land Act, assented to June 30, 1965, to record advances made under the Veterans' Land Act, not to exceed the amount of $380 million, for the acquisition,

by the Director, of properties, buildings, materials, livestock, farm equipment and commercial fishing equipment for purposes of the act, for sale to qualified veterans of world war 2 and Korea under sales agreements which carry specified conditional benefits if the terms of such agreements are adhered to by the veterans, and for progress payments to veterans during construction of housing. The outstanding balances in the veterans land act advances and reserve for conditional benefits under the category "other loans and investments" and the veterans land act housing account under the category "departmental working capital advances and revolving funds" were transferred to the new account. Advances during the year of $64 million and repayments of $40 million bring outstanding advances at March 31, 1966 to $280 million. This is partly offset by a reserve for conditional benefits amounting to $22 million, resulting in a balance in this account of $258 million at the fiscal year-end.

Advances to the exchange fund account

Advances during the year to finance the purchase of gold and foreign exchange amount to $947 million and repayments to $896 million, an increase of $51 million bringing the outstanding advances to $2,672 million at March 31, 1966.

During 1964–65 advances were $699 million and repayments totalled $679 million resulting in a balance of $2,621 million at March 31, 1965.

Investments in special United States of America securities—Columbia River Treaty

This account records the special securities issued by the Government of the United States of America and purchased by Canada pursuant to agreements made to carry out the Columbia River Treaty between the Government of the United States and the Government of Canada. During 1965–66 securities in the amount of $32 million were redeemed leaving a balance of $187 million as at March 31, 1966.

Sinking fund and other investments held for the retirement of unmatured debt

The holdings of $5 million in this account at March 31, 1965 were transferred to the securities investment account during the fiscal year leaving a nil balance in the account.

Canada pension plan investment fund

The Canada pension plan investment fund is a new account to record securities purchased under the Canada Pension Plan Act and the sale of these securities. The amount by which the operating balance of the Canada pension plan account in any month exceeds the estimated amount required to meet all payments in the following three month period is available for the purchase of securities of participating provinces. Securities of Canada shall be purchased with the excess remaining after purchasing securities of each province as required. It is estimated that holdings at March 31, 1966 will total $34 million in provincial securities.

The Budget—Appendix

Loans to, and investments in, Crown corporations

Loans and investments in this category total $5,535 million, an increase of $621 million over the total at March 31, 1965.

TABLE 60
(in millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Atomic Energy of Canada Limited	77.6	65.7	11.9
Bank of Canada	5.9	5.9	
Canadian Arsenals Limited	5.0	7.5	−2.5
Canadian Broadcasting Corporation	3.0	3.0	
Canadian Commercial Corporation	7.5	3.5	4.0
Canadian National Railways	1,489.3	1,430.6	58.7
Air Canada	6.0	3.6	2.4
	1,495.3	*1,434.2*	*61.1*
Canadian Overseas Telecommunication Corporation	57.8	55.1	2.7
Central Mortgage and Housing Corporation	2,437.8	2,137.8	300.0
Eldorado Mining and Refining Limited	8.2	8.2	
Export Credits Insurance Corporation	10.0	10.0	
Farm Credit Corporation	591.3	441.3	150.0
National Capital Commission	33.4	26.1	7.3
National Harbours Board	203.5	199.8	3.7
Northern Canada Power Commission	30.7	27.8	2.9
Polymer Corporation Limited	30.0	30.0	
The St. Lawrence Seaway Authority—			
Loans	326.5	326.5	
Deferred interest	45.3	38.7	6.6
Interest-free loans	63.0	44.0	19.0
	434.8	*409.2*	*25.6*
Recovery likely to require parliamentary appropriations—			
Canadian Broadcasting Corporation	28.3	14.3	14.0
Canadian Corporation for the 1967 World Exhibition	37.0		37.0
National Capital Commission—Greenbelt	36.8	33.8	3.0
	102.1	*48.1*	*54.0*
Other Crown Corporations	1.3	1.3	
	5,535.2	4,914.5	620.7

Canadian Broadcasting Corporation

There is no change in the advance for working capital during 1965–66, the balance remaining at $3 million as at March 31, 1966. During the year advances to the corporation for the purpose of capital expenditures amounted to $14 million, bringing the total of advances to $28 million at the fiscal year-end. Recovery of these advances is likely to require parliamentary appropriations in subsequent fiscal years.

Canadian Corporation for the 1967 World Exhibition

This is a new account authorized in the amount of $80 million by Department of Finance Vote L26b to record the acquisition of securities issued by the corporation in accordance with the Canadian Corporation for the 1967 World Exhibition Act. The balance as at March 31, 1966 is estimated at $37 million. Recovery of these advances is likely to require parliamentary appropriations in subsequent fiscal years.

Canadian National Railways (including Air Canada)

Outstanding advances to the Canadian National Railways at March 31, 1966 of $1,495 million are $61 million more than the balance of $1,434 million at the previous fiscal year-end.

TABLE 61
(in millions of dollars)

Advances to the Canadian National Railways	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Capital Revision Act, 1952—			
Preferred stock	1,043.9	1,020.2	23.7
Twenty-year obligation	100.0	100.0	
Financing and Guarantee Act, 1960	27.0	27.0	
Financing and Guarantee Act, 1961	28.4	28.4	
Refunding Act, 1955	273.0	238.0	35.0
Canadian Government Railways	17.0	17.0	
Air Canada	6.0	3.6	2.4
	1,495.3	1,434.2	61.1

During the 1965-66 fiscal year the government made available to the company $100 million and received repayments of $39 million. In 1964-65 advances were $68 million and repayments were $45 million.

TABLE 62
(in millions of dollars)

Advances to, and Repayments by, the Canadian National Railways	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Advances—			
For the refunding of debt	35.0		35.0
For interim financing of income deficits—			
Canadian National Railways	33.4	38.7	−5.3
Air Canada	7.7	4.6	3.1
Total advances	76.1	43.3	32.8
Purchase of 4 per cent preferred stock (C.N.R. Capital Revision Act, 1952)	23.7	24.7	−1.0
	99.8	68.0	31.8
Repayments—			
Advances for interim financing of income deficits—			
Canadian National Railways	−33.4	−38.7	5.3
Air Canada	−5.3	−6.0	0.7
	−38.7	*−44.7*	*6.0*
Net increase or decrease (−) during the fiscal year	61.1	23.3	37.8

In 1965-66 the government advanced to the company $35 million for the refunding of debt in the hands of the public.

To assist the company to finance further capital expenditure during the year, the government will have purchased $24 million of the 4 per cent preferred stock of the company. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to 3 per cent of the gross revenue of the company.

The government also provided the company with temporary loans of $33 million in respect of its 1965 deficit which will be repaid when the company's income deficit is charged against 1965-66 budgetary expenditures.

At March 31, 1965 temporary loans of $3 million were outstanding to Air Canada in respect of its 1965 operations. An additional $2 million was advanced during the year for its 1965 operations. These have been repaid by the company during 1965-66. However, additional loans of $6 million have been made during 1965-66 in respect of the company's 1966 operations.

Central Mortgage and Housing Corporation

The balance of $2,438 million in this account at March 31, 1966 is $300 million higher than at March 31, 1965, and comprises the Crown's investment of $25 million in the capital of the corporation and $2,413 million in loans and advances.

Loans and advances to the corporation are $490 million in 1965-66 and repayments are $190 million. In 1964-65 advances were $314 million and repayments were $92 million.

Advances comprise $372 million for direct lending and limited dividend housing, $7 million for federal-provincial projects for housing, $35 million for the loan and mortgage purchase fund, $36 million in respect of municipal sewage treatment and $40 million for university housing.

Repayments of $190 million are comprised of $155 million for direct lending and limited dividend housing, $3 million for housing, $15 million for the loan and mortgage purchase fund, $13 million for municipal sewage treatment and $4 million in respect of acquisition or construction of real estate.

TABLE 63
(in millions of dollars)

Advances to, and Repayments by, Central Mortgage and Housing Corporation	Fiscal year ending March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Advances—			
Direct lending and limited dividend housing	371.9	248.5	123.4
Federal-provincial projects—housing	7.5	10.0	−2.5
Loan and mortgage purchase fund	34.9		34.9
Municipal sewage treatment	36.0	28.5	7.5
University housing	40.0	26.5	13.5
	490.3	313.5	176.8
Repayments—			
Direct lending and limited dividend housing	−155.5	−74.9	−80.6
Federal-provincial projects—housing	−3.3	−4.8	1.5
Loan and mortgage purchase fund	−14.9		−14.9
Municipal sewage treatment	−12.8	−8.4	−4.4
University housing	−0.3	−0.2	−0.1
Acquisition or construction of real estate	−3.5	−3.5	
	−190.3	−91.8	−98.5
Net increase during the fiscal year	300.0	221.7	78.3

Farm Credit Corporation

The government provides loans to the corporation which makes loans on farm property. The balance of $591 million in the account at March 31, 1966 consists of the Crown's investment of $22 million in the capital of the corporation and $569 million in loans and advances. At March 31, 1965 the balance was $441 million consisting of capital investment of $17 million and loans and advances of $424 million.

During 1965-66 the transactions in the account consist of additional subscriptions by the government of $5 million to the capital of the corporation, loans and advances of $165 million and repayments by the corporation of $20 million.

National Capital Commission

Loans to acquire property in the "Greenbelt" area increased by $3 million during the year bringing the balance to $37 million. Recovery of these loans is likely to require parliamentary appropriation in subsequent fiscal years.

Loans to acquire property excluding the "Greenbelt" area increased by $7 million to $33 million at March 31, 1966.

The St. Lawrence Seaway Authority

Outstanding loans in this account at March 31, 1966 amount to $390 million, an increase of $19 million over the previous fiscal year-end balance of $371 million. There are no repayments.

Deferred interest increased by $7 million during the fiscal year bringing the balance at March 31, 1966 to $45 million.

Other Crown Corporations

Loans to Atomic Energy of Canada Limited are estimated to increase by $12 million during 1965–66, loans to Canadian Commercial Corporation by $4 million, loans to the Canadian Overseas Telecommunication Corporation by $3 million, loans to the National Harbours Board by $4 million, loans to the Northern Canada Power Commission by $3 million and loans to Canadian Arsenals Limited to decrease by $2 million.

Loans to national governments

There is a net increase of $55 million in this category bringing total balances to $1,344 million at March 31, 1966.

The Government of the United Kingdom deferred the payment of principal and interest due December 31, 1965 on the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, the principal outstanding at the close of the year remaining at $995 million and deferred interest increasing by $19 million to $83 million. The deferment of principal and interest is by an agreement between the Government of Canada and the Government of the United Kingdom that was approved by

a 1957 Act to amend the United Kingdom Financial Agreement Act, 1946. The agreement, which became effective April 29, 1957, permits the United Kingdom in lieu of any right of waiver hitherto existing to defer after December 31, 1956, seven instalments of principal and interest under certain conditions. Interest at 2 per cent is payable on deferred instalments of both principal and interest.

Advances under Part II of the Export Credits Insurance Act to Belgium, France and The Netherlands to assist them in the purchasing of goods in Canada were reduced by a repayment of $2 million, bringing the balance at March 31, 1966 to $125 million. The decrease of $2 million is the regular annual payment by the Government of Belgium. There are no repayments by the Governments of France and The Netherlands as each of these countries had made advance payments in 1962–63 covering instalments up to and including the 1969 instalment.

Loans under the Export Credits Insurance Act, sec. 21A amount to $121 million, an increase of $39 million over the March 31, 1965 total.

Special loans by Canada to Colombo plan countries to finance the purchase of wheat and flour from Canada amount to $7 million, a decrease of $5 million from the previous fiscal year-end balance.

Loans to India for the purchase in Canada of aircraft and associated parts at $7 million are $2 million less than at March 31, 1965.

Special loan assistance—developing countries account is a new account which records loans, not to exceed $50 million, which are subject to terms and conditions as the Governor in Council may approve, for the purpose of undertaking agreed upon economic, educational and technical projects. The balance in the account as at March 31, 1966 is estimated to be $6 million.

TABLE 64

(in millions of dollars)

Loans to National Governments	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Loans to United Kingdom—			
The United Kingdom Financial Agreement Act, 1946	995.1	995.1	
Deferred interest	83.0	63.8	19.2
	1,078.1	*1,058.9*	*19.2*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	25.4	27.7	−2.3
France	67.0	67.0	
The Netherlands	32.1	32.1	
	124.5	*126.8*	*−2.3*
Loans under the Export Credits Insurance Act, sec. 21A	120.8	81.8	39.0
Special loans to Colombo plan countries to finance the purchase of wheat from Canada—			
Ceylon	0.6	0.8	−0.2
India	6.4	10.7	−4.3
	7.0	*11.5*	*−4.5*
Miscellaneous loans and advances—			
India—loan for purchase in Canada of aircraft and associated spare parts	6.5	8.6	−2.1
France—interim credit—consolidated interest	0.7	0.7	
Special loan assistance—developing countries	6.1		6.1
Other	0.1	0.1	
	13.4	*9.4*	*4.0*
	1,343.8	1,288.4	55.4

Other loans and investments

Balances in these accounts total $1,037 million at March 31, 1966, $129 million more than at the end of the previous fiscal year.

Canada's subscriptions to the capital of international organizations are $15 million higher due to additional subscriptions of $15 millon to the international development association. Working capital advances and loans to international organizations at $8 million are the same amount as at the previous fiscal year-end.

TABLE 65
(in millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or decrease (−)
	1966 (estimated)	1965	
Subscriptions to capital of, and working capital advances and loans to, international organizations—			
Canada's subscriptions to capital of—			
International bank for reconstruction and development	80.5	80.5	
International development association	55.7	40.7	15.0
International finance corporation	3.5	3.5	
International monetary fund	577.3	577.3	
Working capital advances and loans to international organizations	7.8	7.8	
	724.8	*709.8*	*15.0*
Loans to provincial governments—			
Alberta	5.9	6.3	−0.4
British Columbia	13.2	12.5	0.7
Manitoba	10.5	10.7	−0.2
New Brunswick	33.8	32.8	1.0
Newfoundland	6.5	0.5	6.0
Nova Scotia	21.7	7.1	14.6
Saskatchewan	29.5	28.5	1.0
	121.1	*98.4*	*22.7*
Municipal development and loan board advances	124.4	9.4	115.0
Less reserve for forgiveness of indebtedness	−7.0	−1.8	−5.2
	117.4	*7.6*	*109.8*
Miscellaneous—			
Assisted passage scheme (section 69, Immigration Act, R.S. 1952)	5.0	3.7	1.3
Balances receivable under agreements of sale of Crown assets	2.4	4.2	−1.8
City of Montreal—			
Atwater tunnel	1.8	1.9	−0.1
St. Remi tunnel		1.0	−1.0
City of Whitehorse	1.9	2.0	−0.1
Construction of dock and rail facilities for Steep Rock Iron Mines Limited	0.9	1.1	−0.2
Crown Assets Disposal Corporation—			
Government equity in agency account	8.1	5.5	2.6
Dominion Coal Company Limited	4.5	4.5	
Hamilton Harbour Commissioners	1.7	1.7	
Housing projects for Canadian forces	20.9	20.4	0.5
Municipal Improvements Assistance Act, 1938	0.8	0.9	−0.1
New Westminster Harbour Commission	1.3	1.4	−0.1
Northwest Territories	7.1	3.9	3.2
Old age security fund—temporary loans		25.0	−25.0
Ottawa civil service recreational association re: W. Clifford Clark Memorial Recreational Centre	1.1	1.0	0.1
Town of Oromocto Development Corporation	1.1	1.2	−0.1
Yukon Territory	6.6	4.9	1.7
Recovery likely to require parliamentary appropriations, Town of Oromocto, New Brunswick	3.8	3.8	
Other	4.6	4.2	0.4
	73.6	*92.3*	*−18.7*
	1,036.9	908.1	128.8

Loans to provincial governments are estimated to increase by $23 million due mainly to additional advances of $15 million to Nova Scotia and $6 million to Newfoundland made pursuant to the Atlantic Provinces Power Development Act.

Under the Municipal Development and Loan Act advances are made to the Municipal Development and Loan Board to provide financial assistance by way of loans to municipalities to augment or accelerate municipal capital works programs. Where the municipal project in respect of which a loan is made is completed on or before September 30, 1966, the board shall forgive payment to the municipality of 25 per cent of the principal amount of the loan. If a project is not completed as at September 30, 1966, the board shall forgive 25 per cent of that portion of the loan that has been advanced to the municipality as of September 30, 1966. Advances of $124 million at March 31, 1966 are partly offset by a reserve of $7 million for forgiveness of indebtedness. At March 31, 1965 advances were $10 million, partly offset by a reserve of $2 million.

Miscellaneous loans and investments totalling $74 million reflect a net decrease of $19 million from the March 31, 1965 total. The decrease is due mainly to the repayment out of the old age security fund of temporary loans of $25 million which were outstanding at the previous fiscal year-end.

Securities held in trust

Recorded herein are the security holdings of various deposit and trust accounts and annuity, insurance and pension accounts. Bonds and certified cheques held in connection with contractors' securities included in the deposit and trust category are also recorded under this heading. The balance at March 31, 1966 of $172 million is $119 million more than the previous fiscal year-end balance due mainly to an increase of $115 million in holdings under the Municipal Development and Loan Act.

Deferred charges

The balance of $258 million in this account is $50 million more than at March 31, 1965, reflecting an increase in the unamortized portions of actuarial deficiencies in the superannuation accounts and a decrease of $3 million in unamortized loan flotation costs.

Unamortized portions of actuarial deficiencies

These accounts record the unamortized portions of the actuarial deficiencies in the Canadian forces, the public service and the Royal Canadian Mounted Police superannuation accounts which are set up as deferred charges.

Due to salary revisions in 1965–66 additional amounts were credited to the superannuation accounts to cover the estimated actuarial liability and recorded as deferred charges. Consistent with established policy these amounts are amortized over a five year period. The current adjustments for the additional liability were $17 million in respect of the Canadian forces superannuation account, $78 million in respect of the public service superannuation account and $1 million in respect of the Royal Canadian Mounted Police superannuation account.

Credited to these accounts and charged to budgetary expenditure for current and prior actuarial adjustments were $17 million in respect of the Canadian forces superannuation account resulting in a balance of $54 million, $26 million in respect of the public service superannuation account resulting in a balance of $93 million and $1 million in respect of the Royal Canadian Mounted Police superannuation account resulting in a balance of $4 million.

Unamortized loan flotation costs

This account records the residual balances of discounts, commissions, redemption bonuses and conversion premiums on loan flotations that have not been charged to budgetary expenditures. The balance of $108 million is $3 million less than the previous fiscal year-end balance.

TABLE 66
(in millions of dollars)

Unamortized Loan Flotation Costs	Fiscal year ending March 31	
	1966 (estimated)	1965
Balance of account at beginning of fiscal year	110.7	123.7
New flotation costs to be amortized—		
4¼% loan July 1, 1965—June 1, 1967	0.3	
5% loan July 1, 1965—July 1, 1970	1.4	
3¾% loan Sept. 1, 1965—Sept. 1, 1966	2.2	
5½% loan Sept. 1, 1965—Oct. 1, 1969	0.1	
4% loan Dec. 1, 1965—Dec. 15, 1966	1.8	
5½% loan Dec. 1, 1965—Apr. 1, 1969	0.1	
5½% loan Dec. 1, 1965—Oct. 1, 1975	0.2	
4% loan Feb. 1, 1966—Apr. 1, 1967	2.3	
5½% loan Feb. 1, 1966—Aug. 1, 1980	0.4	
Adjustments[1]	5.9	−0.7
Treasury bills discount	16.5	13.2
Canada savings bonds—adjustment of previous issues	1.0	0.9
Canada savings bonds—new issue	9.0	8.8
3½% loan May 1, 1964—July 1, 1965		3.9
5% loan May 1, 1964—July 1, 1969		0.3
5¼% loan May 1, 1964—May 1, 1990		2.4
3½% loan Oct. 1, 1964—Dec. 1, 1965		3.6
3¾% loan Oct. 1, 1964—Oct. 1, 1967		2.1
5% loan Dec. 1, 1964—June 1, 1971		0.6
3½% loan Feb. 1, 1965—May 1, 1966		1.6
5% loan Feb. 1, 1965—Oct. 1, 1973		0.5
	41.2	*37.2*
Less—		
Amortization applicable to fiscal year—		
Canada savings bonds and general loans	−30.8	−36.4
Discount on treasury bills charged to interest on public debt	−13.2	−13.8
	−44.0	*−50.2*
Increase or decrease (−) during the year	−2.8	−13.0
Balance of account at end of fiscal year	107.9	110.7

[1] Adjustments due to additional issues of existing loans.

Cost of new loans issued during 1965-66 and charged to the account amounts to $41 million, of which $16 million is in respect of treasury bills discounts which will be charged to interest on public debt in 1966-67. Credits to the account are $44 million, of which $31 million is a charge to the budgetary item "annual amortization costs" and $13 million (representing discount applicable to 1965-66 on treasury bills sold in 1964-65) is a charge to the budgetary item "interest on public debt".

Capital assets

Assets of the government such as land, buildings, works and equipment, etc., that are charged to budgetary expenditure at the time of acquisition or construction, are included in this category and are shown on the statement of assets and liabilities at a nominal value of $1.

Inactive loans and investments

Loans and investments which are not currently revenue-producing or realizable are recorded herein. Included are the loan of $49 million to China under the Export Credits Insurance Act, loans of $24 million and $7 million made to Roumania and Greece in 1919-20 and 1920-21 respectively and advances of $15 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited).

Reserve for losses on realization of assets

The balance of this account at March 31, 1966 was $546 million, unchanged from the end of the previous fiscal year.

Net Debt

The net debt of Canada, or the excess of liabilities over net recorded assets, is expected to be $15,538 million at March 31, 1966, $34 million higher than at March 31, 1965 reflecting the estimated 1965-66 budgetary deficit of $34 million.

THE CASH POSITION

The government's cash account represents balances of current and special deposits to the credit of the Receiver General of Canada in the Bank of Canada, chartered banks in Canada and certain banks in London, Paris and Bonn. These balances are expected to total $642 million at March 31, 1966 compared with $682 million at March 31, 1965, a decrease of $40 million.

The cash position of the government is affected not only by budgetary transactions but also by changes in the government's unmatured debt and other non-budgetary transactions. Non-budgetary transactions are those which affect the government's asset and liability accounts and must be taken into account when considering the full scope of the government's financial operations and their effect on the economy of the country.

On the assets side, the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liability side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension accounts held or administered by the government.

The following statement summarizes both the budgetary and non-budgetary transactions for 1965–66 and indicates their effect on the government's cash position. For purposes of comparison the corresponding figures for 1964–65 are also shown.

TABLE 67

(in millions of dollars)

Changes in Cash Position	Fiscal year ending March 31			
	1966 (estimated)		1965	
Budgetary transactions—				
Revenue	7,673.0		7,180.3	
Expenditure	−7,707.0		−7,218.3	
Deficit		**−34.0**		**−38.0**
Non-budgetary transactions (excluding unmatured debt transactions)—				
Receipts and credits (net)—				
Repayments of loans, investments and advances	76.0		−103.7	
Annuity, insurance and pension accounts	705.3		544.8	
Other	288.5		88.7	
	1,069.8		*529.8*	
Disbursements and charges (net)—				
Loans, investments and advances	−946.8		−476.2	
Other	−276.3		−437.8	
	−1,223.1		*−914.0*	
Net amount received from, or required for (−), non-budgetary transactions		**−153.3**		**−384.2**
Overall cash requirement (−) to be financed by increase in unmatured debt or decrease in cash balances		**−187.3**		**−422.2**
Net increase in unmatured debt outstanding in the hands of the public—				
Unmatured debt—				
Canada savings bonds	204.7		460.1	
Market issues	−154.9		−175.0	
Treasury bills	10.0		−90.0	
Special issues to the Unemployment Insurance Commission	104.0		43.0	
	163.8		*238.1*	
Securities investment account	−21.9		42.8	
Sinking fund and other investments	5.4		−5.4	
		147.3		**275.5**
Net increase or decrease (−) in Receiver General cash balances		**−40.0**		**−146.7**

The Budget—Appendix

In 1965–66 a deficit of $34 million and net requirements of $153 million for non-budgetary transactions (excluding unmatured debt transactions) result in an overall net requirement of $187 million and as there is an increase of $147 million in outstanding unmatured debt there is a reduction of $40 million in Receiver General bank balances. In 1964–65 a budgetary deficit of $38 million and net disbursements of $384 million for non-budgetary transactions (excluding unmatured debt transactions) resulted in a net cash requirement of $422 million and as outstanding unmatured debt increased by $275 million, Receiver General bank balances decreased by $147 million.

Non-budgetary receipts and credits (excluding unmatured debt transactions)

As shown in the previous table, non-budgetary receipts and credits total $1,070 million in 1965–66. Further details are presented in the following table:

TABLE 68
(in millions of dollars)

Non-Budgetary Receipts and Credits (Net)	Fiscal year ending March 31	
	1966 (estimated)	1965
Repayments of loans, investments and advances—		
Agricultural commodities stabilization account	16.2	40.8
Canadian Arsenals Limited	2.5	
Special United States of America securities (Columbia River Treaty)	32.3	−219.5
Old age security fund	25.0	75.0
	76.0	*−103.7*
Annuity, insurance and pension accounts—		
Public service superannuation account	224.0	305.4
Canadian forces superannuation account	163.0	206.6
Old age security fund	215.0	
Canada pension plan account	80.0	
Other	23.3	32.8
	705.3	*544.8*
Other receipts and credits—		
Outstanding treasury cheques	37.8	—4.5
Accounts payable	49.0	21.2
Cash in hands of collectors and in transit	10.0	−12.4
Interest due and outstanding	15.0	10.1
Interest accrued	36.4	15.2
Provincial tax collection agreements account	1.9	59.2
Security deposits—Municipal Development and Loan Board	115.0	9.5
Deferred credits	22.9	−6.2
Other	0.5	−3.4
	288.5	*88.7*
	1,069.8	529.8

Non-budgetary disbursements and charges (excluding unmatured debt transactions)

As already indicated, non-budgetary disbursements and charges are $1,223 million in 1965–66. Further details are presented in the following table:

TABLE 69

(in millions of dollars)

Non-Budgetary Disbursements and Charges (Net)	Fiscal year ending March 31	
	1966 (estimated)	1965
Loans, investments and advances—		
Veterans Land Act advances	26.4	14.3
Exchange fund	51.0	20.0
Canada pension plan investment account	34.0	
Atomic Energy of Canada Limited	11.9	12.0
Canadian Commercial Corporation	4.0	−2.0
Canadian Corporation for the 1967 World Exhibition	37.0	
Canadian National Railways (including Air Canada)	61.1	23.3
Canadian Overseas Telecommunication Corporation	2.7	−0.4
Central Mortgage and Housing Corporation	300.0	221.7
Farm Credit Corporation	150.0	102.4
National Capital Commission	10.3	6.9
National Harbours Board	3.7	1.7
Northern Canada Power Commission	2.9	5.4
The St. Lawrence Seaway Authority	25.6	−6.5
Canadian Broadcasting Corporation	14.0	14.3
National governments	55.4	44.3
International Development Association (subscription)	15.0	7.9
Provincial governments	22.7	−4.8
Municipal Development and Loan Board (net)	109.8	7.6
Other	9.3	8.1
	946.8	*476.2*
Other disbursements and charges—		
Deferred charges	49.6	204.5
Securities held in trust	118.8	14.2
Redemption of non-interest-bearing notes payable on demand	107.9	219.1
	276.3	*437.8*
	1,223.1	914.0

THE PUBLIC DEBT

Gross and net debt

The gross debt of Canada, or the total of liabilities as recorded on the statement of assets and liabilities, is estimated at $27,617 million as at March 31, 1966, an increase of $1,044 million over the total at March 31, 1965. The main changes are increases of $705 million in annuity, insurance and pension accounts, $158 million in unmatured debt and $122 million in deposit and trust accounts. Unmatured debt at $19,137 million represents 70 per cent of the total and annuity, insurance and pension accounts at $6,381 million represent 23 per cent. At March 31, 1965 unmatured debt was $18,978 million or 71 per cent and annuity, insurance and pension accounts totalled $5,676 million or 21 per cent.

The government's net recorded assets are estimated at $12,079 million as at March 31, 1966 an increase of $1,010 million over the total at March 31, 1965. The main changes are increases of $621 million in loans to, and investments in, Crown corporations, $119 million in securities held in trust and $129 million in

other loans and investments. Loans to, and investments in, Crown corporations represent 46 per cent of the total and advances to the exchange fund represent 22 per cent. At March 31, 1965 loans to, and investments in, Crown corporations were $4,915 million or 44 per cent and advances to the exchange fund were $2,621 million or 24 per cent.

The net debt of Canada is estimated at $15,538 million as at March 31, 1966 reflecting an increase of $34 million, equivalent to the 1965–66 budgetary deficit.

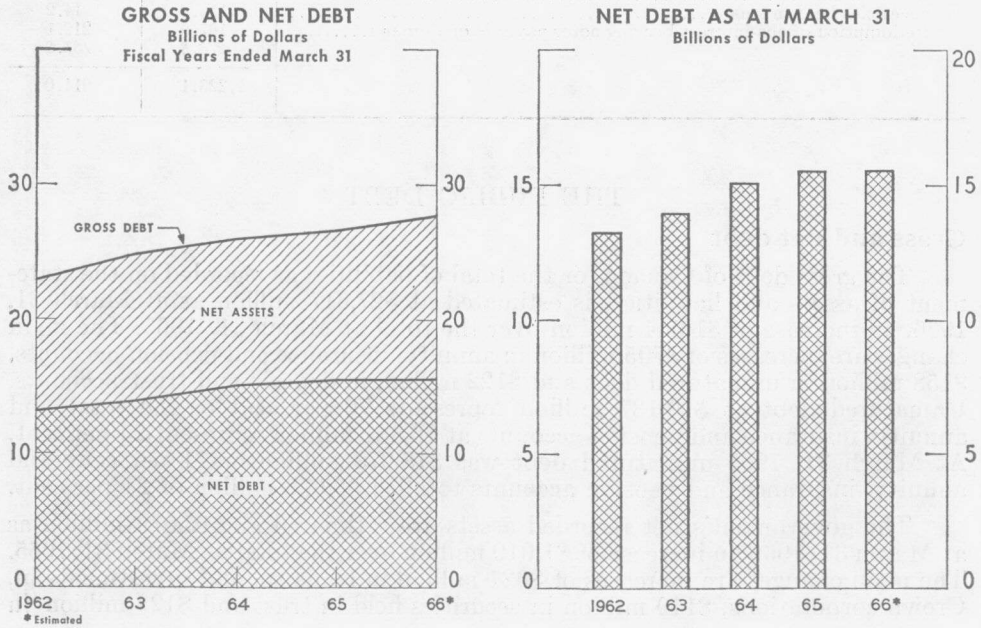
TABLE 70

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, NET RECORDED ASSETS AND NET DEBT OF CANADA
(in millions of dollars)

As at March 31	Gross Public Debt			Less net recorded assets	Net debt	Increase in net debt during fiscal year
	Unmatured debt	Other liabilities	Total			
1962	16,945.7	5,962.1	22,907.8	9,679.7	13,228.1	791.0
1963	17,961.8	6,837.4	24,799.2	10,879.5	13,919.7	691.6
1964	18,740.1	7,183.3	25,923.4	10,853.3	15,070.1	1,150.4
1965	18,978.2	7,595.2	26,573.4	11,069.0	15,504.4	434.3
1966 (estimated)	19,136.6	8,480.5	27,617.1	12,078.7	15,538.4	34.0

Unmatured debt

Total unmatured debt of $19,137 million is $158 million more than the balance at March 31, 1965.



The government's holdings of its own securities as at March 31, 1966 is comprised of $79 million in the securities investment account (of which $31 million is in respect of the employees instalment purchase plan). This is an increase of $17 million over the previous fiscal year-end total when holdings were $57 million in the securities investment account (of which $31 million was in respect of the employees instalment purchase plan) and $5 million in the sinking fund and other investments account.

Of the total unmatured debt, $18,766 million is payable in Canada and $371 million in New York. Securities payable in New York have been valued at the official parity rate of $1 U.S. = $1.08108 Canadian.

TABLE 71

(in millions of dollars)

Unmatured Debt Transactions	Fiscal year ending March 31			
	1966 (estimated)		1965	
Balance at beginning of year		18,978		18,740
New issues—				
For cash—				
Canada savings bonds series 18			99	
Canada savings bonds series 19	89		1,011	
Canada savings bonds series 20 (net)	879			
Marketable bonds	1,550		1,975	
Non-marketable bonds (Unemployment Insurance Commission)	144		87	
Weekly treasury bills (net)	10		10	
	2,672		*3,182*	
By renewals and conversions—				
Marketable bonds			250	
Total new issues	2,672		3,432	
Less—				
Matured marketable bonds	−1,705		−1,850	
Redeemed non-marketable bonds (Unemployment Insurance Commission)	−40		−44	
Conversions			−250	
Canada savings bonds redeemed or matured	−763		−650	
One-year treasury bills (net)			−100	
	−2,508		*−2,894*	
Unmatured marketable bonds (redeemed or cancelled)	−5		−300	
	−2,513		−3,194	
Increase in unmatured debt		159		238
Balance at end of year		19,137		18,978

Summary of security issues, maturities and redemptions

Excluding the refunding of treasury bills which mature weekly, the government has issued securities of $2,672 million and redemptions and maturities total $2,513 million.

Net sales of Canada savings bonds series 20 are $879 million and additional sales of series 19 are $89 million. Redemptions and maturities of series 8 to 19 total $763 million. The net increase for all series is $205 million bringing the total of outstanding Canada savings bonds to $5,757 million.

The Budget—Appendix

Treasury bills in the amount of $2,150 million consist of $1,370 million in three-month bills and $780 million in six-month bills.

TABLE 72

DEBT MATURED OR CONVERTED DURING THE FISCAL YEAR ENDING MARCH 31, 1966

(in millions of dollars)

—	Matured	Redeemed	Total
Marketable bonds—			
4¼% 1962–65.....AT 15	110.0		110.0
4¼% 1963–65.....CT 2	90.0		90.0
3½% 1964–65.....CT 10	400.0		400.0
3¾% 1958–65.....T 27	449.9		449.9
3½% 1964–65.....CT 13	325.0		325.0
3½% 1963–66.....AT 19	225.0		225.0
3½% 1964–66.....CT 7	105.0		105.0
5% 1962–87 (N.Y. loan).....		5.4	5.4
	1,704.9	*5.4*	*1,710.3*
Non-marketable bonds—			
Canada savings bonds S 8.....	43.1		43.1
Canada savings bonds S 8–19.....		719.8	719.8
Unemployment Insurance Commission, 4⅛%.....		40.0	40.0
	1,748.0	765.2	2,513.2

TABLE 73

NEW SECURITIES ISSUED DURING FISCAL YEAR ENDING MARCH 31, 1966

(in millions of dollars)

—	Price to government	Yield at price to government	Total amount issued	Amount issued for cash
		per cent		
Marketable bonds—				
3½% 1965–66.....CT 16	99.33	4.32	150.0	150.0
3¾% 1964/65–67.....CT 14	98.55	4.37	175.0	175.0
3¾% 1965–66.....CT 20	99.00	4.79	205.0	205.0
4% 1965–66.....CT 22	98.85	5.15	150.0	150.0
4% 1966–67.....CT 25	98.70	5.16	170.0	170.0
4¼% 1965–67.....CT 18	99.50	4.52	50.0	50.0
5½% 1965–69.....CT 23	100.25	5.41	100.0	100.0
5% 1965–70.....CT 19	99.75	5.06	125.0	125.0
5% 1966–70.....CT 19	98.50	5.38	50.0	50.0
5½% 1965–75.....CT 24	100.00	5.50	50.0	50.0
5½% 1966–80.....CT 26	100.00	5.50	80.0	80.0
5½% 1965–69.....CT 21	100.75	5.29	145.0	145.0
5¼% 1964/65–90.....CT 12	98.50	5.36	100.0	100.0
			1,550.0	*1,550.0*
Non-marketable bonds—				
Unemployment Insurance Commission—				
4½%.....	100.00	4.50	80.5	80.5
4⅞%.....	100.00	4.875	63.5	63.5
Canada savings bonds—				
Nov. 1, 1964—Nov. 1, 1974				
4½–5½%.....S 19	100.00	5.00	89.1	89.1
Nov. 1, 1965—Nov. 1, 1975				
4½–5½% (net).....S 20	100.00	5.03	878.6	878.6
Weekly treasury bills (net).....			10.0	10.0
			2,671.7	2,671.7

Interest rates

The average interest rate on the government's unmatured debt rose to 4.43 per cent during the fiscal year from 4.32 per cent at March 31, 1965.

The yield on three-month treasury bills which was 3.62 per cent at tender on March 25, 1965 was 4.92 per cent at tender on March 17, 1966.

The yield on six-month treasury bills which was 3.73 per cent at tender on March 25, 1965 was 5.15 per cent at tender on March 17, 1966.

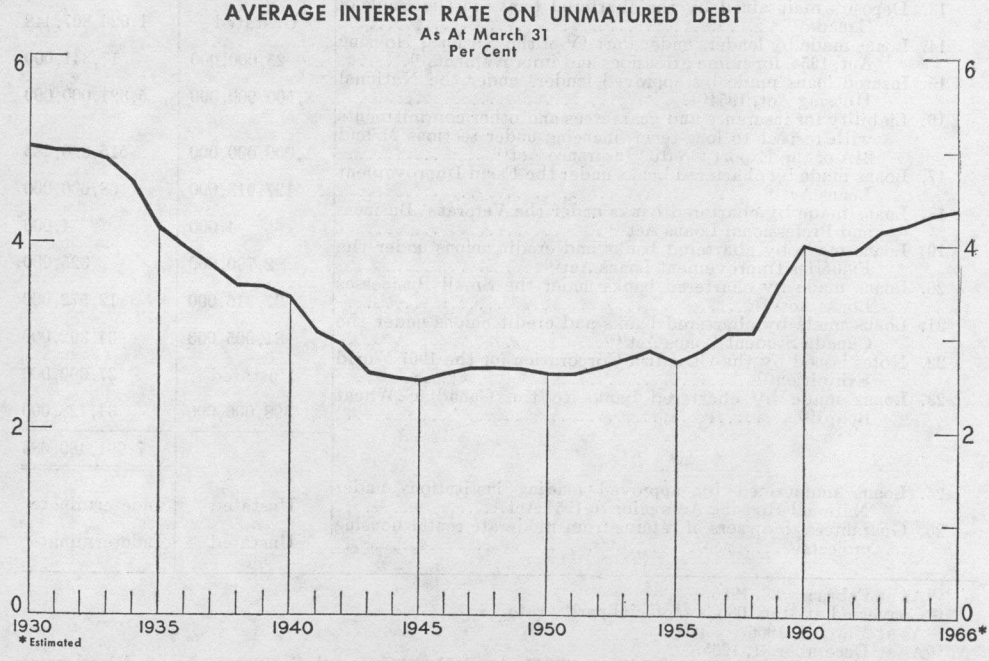
The following table shows the high and low yields together with the yield on the latest issues for the fiscal years 1961-62 to 1965–66 inclusive:

TABLE 74

TREASURY BILL YIELDS AT TENDER

Fiscal year ending March 31	High	Low	Last issue
	per cent	per cent	per cent
Three-month bills—			
1962	3.34	2.26	3.12
1963	5.51	3.04	3.62
1964	3.90	3.19	3.88
1965	3.87	3.53	3.62
1966	4.92	3.61	[1]4.92
Six-month bills—			
1962	3.49	2.53	3.29
1963	5.74	3.19	3.74
1964	4.06	3.30	4.04
1965	4.06	3.69	3.73
1966	5.15	3.70	[1]5.15

[1]At tender on March 17, 1966.



Indirect debt or contingent liabilities

In addition to the direct debt as set out in the statement of assets and liabilities, the government has assumed certain indirect or contingent liabilities. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest, the guarantees of insured loans made by chartered

banks and other approved lending institutions under the National Housing Act, deposits maintained by the chartered banks in the Bank of Canada, advances under the Export Credits Insurance Act and bank loans under a number of Federal Statutes.

TABLE 75

SUMMARY OF INDIRECT DEBT OR CONTINGENT LIABILITIES (estimated)

—	Amount of guarantee	Amount outstanding
	$	$
Railway securities guaranteed as to principal and interest[1]—		
1. Canadian National 2¼% due January 2, 1967	50,000,000	50,000,000
2. Canadian National 4½% due April 1, 1967	72,300,000	72,300,000
3. Canadian National 5% due May 15, 1968	55,800,000	55,800,000
4. Canadian National 2¼% due September 15, 1969	70,000,000	70,000,000
5. Canadian National 2¾% due January 16, 1971	40,000,000	40,000,000
6. Canadian National 5½% due December 15, 1971	190,561,500	190,561,500
7. Canadian National 3¾% due February 1, 1974	200,000,000	200,000,000
8. Canadian National 2¾% due June 15, 1975, U.S. $6,000,000[2]	6,486,486	6,486,486
9. Canadian National 5% due May 15, 1977	84,150,000	84,150,000
10. Canadian National 4% due February 1, 1981	300,000,000	300,000,000
11. Canadian National 5¼% due January 1, 1985	99,500,000	99,500,000
12. Canadian National 5% due October 1, 1987	162,750,000	162,750,000
	1,331,547,986	1,331,547,986
Other outstanding guarantees and contingent liabilities—		
13. Deposits maintained by the chartered banks in the Bank of Canada[3]	Unstated	1,020,807,448
14. Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements[4]	25,000,000	17,341,000
15. Insured loans made by approved lenders under the National Housing Act, 1954[5]	8,500,000,000	5,321,000,000
16. Liability for insurance and guarantees and other commitments with respect to long-term financing under sections 21 and 21A of the Export Credits Insurance Act[4]	1,000,000,000	515,320,235
17. Loans made by chartered banks under the Farm Improvement Loans Act[4]	127,913,000	68,600,000
18. Loans made by chartered banks under the Veterans' Business and Professional Loans Act[4]	4,000	4,000
19. Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act[4]	2,700,000	325,000
20. Loans made by chartered banks under the Small Businesses Loans Act[4]	37,316,000	12,572,000
21. Loans made by chartered banks and credit unions under the Canada Student Loans Act[6]	81,995,000	64,392,000
22. Notes issued by the Canadian Corporation for the 1967 World Exhibition[7]	Unstated	37,000,000
23. Loans made by chartered banks to the Canadian Wheat Board[8]	398,000,000	34,128,000
		7,091,489,683
24. Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Unstated	Indeterminate
25. Guarantees to owners of returns from moderate rental housing projects[9]	Unstated	Indeterminate

[1] As at February 28, 1966.
[2] Converted at $1.08108 Can. official parity rate.
[3] As at March 2, 1966.
[4] As at December 31, 1965.
[5] As reported (in accordance with sec. 45, National Housing Regulations) by approved lenders at December 31, 1965.
[6] As at December 31, 1965. Includes contingent liability in respect of alternative payments to non-participating province.
[7] As at March 7, 1966.
[8] As at January 31, 1966.
[9] Funds totalling $3,957,495 are held by Central Mortgage and Housing Corporation for the purpose of settling claims. In 1965 rental guarantee contracts totalled $13,876,000.

SUPPLEMENTARY DETAILED TABLES

REVENUE

EXPENDITURE

ANNUAL CHANGES IN LOANS AND INVESTMENTS

UNMATURED DEBT

The Budget—Appendix

STATEMENT OF REVENUE FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1961–62	1962–63	1963–64	1964–65	1965–66 (estimated)
TAX REVENUE—					
Income tax—					
Personal[1]	1,792.7	1,744.6	1,865.1	2,103.3	2,150.0
Corporation[1]	1,202.0	1,182.8	1,259.0	1,523.8	1,610.0
On dividends, interest, etc., going abroad	112.3	129.2	124.5	143.7	170.0
	3,107.0	*3,056.6*	*3,248.6*	3,770.8	*3,930.0*
Excise taxes—					
Sales tax[1][2]	759.7	806.0	946.1	1,204.6	1,385.0
Other taxes—					
Automobiles	25.3	[3]	[3]	[3]	
Cigarettes, tobacco and cigars	207.6	217.8	226.9	218.3	237.0
Electric power export	1.0	0.5	0.1	[3]	
Jewellery, watches, ornaments, etc.	5.6	5.8	6.4	6.9	7.9
Matches and lighters	1.1	1.2	1.3	1.2	1.3
Television sets, radios and phonographs	18.4	19.9	22.0	23.5	27.7
Toilet preparations	9.4	10.2	11.1	12.8	14.2
Wines	3.3	3.7	3.8	4.1	4.3
Sundry commodities	1.1	1.2	1.3	1.4	1.4
Interest and penalties	0.7	0.5	0.8	1.2	1.6
Less refunds	−11.0	−0.4	−0.3	−0.3	−0.4
	262.5	*260.4*	*273.4*	*269.1*	*295.0*
Customs import duties	534.5	645.0	581.4	622.1	676.0
Excise duties—					
Spirits	114.1	122.1	129.4	134.7	155.0
Beer	92.7	98.2	102.9	105.4	106.0
Cigarettes, tobacco and cigars	160.5	166.5	165.7	177.2	184.0
Licences	[3]	[3]	[3]	[3]	[3]
Less refunds	−4.5	−4.9	−4.7	−5.9	−6.0
	362.8	*381.9*	*393.3*	*411.4*	*439.0*
Estate tax[4]	84.6	87.1	90.6	88.6	106.8
Miscellaneous tax revenue	0.1	[3]	0.1	0.2	0.2
Total tax revenue	5,111.2	5,237.0	5,533.5	6,366.8	6,832.0
NON-TAX REVENUE—					
Return on investments	307.5	311.9	366.4	422.7	436.0
Post office—net postal revenue	183.7	192.8	200.7	230.4	235.0
Other	127.2	137.0	152.6	160.4	170.0
Total non-tax revenue	618.4	641.7	719.7	813.5	841.0
Total revenue	5,729.6	5,878.7	6,253.2	7,180.3	7,673.0

[1]Excluding tax credit to the old age security fund—

	1961–62	1962–63	1963–64	1964–65	1965–66 (estimated)
Personal income tax	259.0	273.7	302.6	431.9	496.0
Corporation income tax	100.1	115.2	115.7	145.2	151.0
Sales tax	284.9	302.2	331.8	383.2	516.0

[2]Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

[3]Less than $50,000.

[4]Includes duties levied under the Dominion Succession Duty Act.

The Budget—Appendix

STATEMENT OF EXPENDITURE BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1961-62	1962-63	1963-64	1964-65	1965-66 (estimated)
AGRICULTURE—					
Administration and general	4.1	3.3	3.8	4.1	5.1
Agricultural commodities stabilization account—net operating loss	22.0	71.8	122.2	57.1	40.7
Agricultural products board account—net operating loss	4.9	0.9	1.0	0.3	1.7
Board of Grain Commissioners	6.5	6.2	6.7	6.6	7.4
Farm Credit Corporation—net operating loss			1.1	0.5	1.2
Prairie farm emergency fund—deficit	47.7	7.3	1.1	0.4	
Production and marketing	41.5	39.0	38.5	41.5	76.7
Payments to western grain producers	40.1	0.1			
Rehabilitation and reclamation projects	25.1	27.8	23.7	26.4	32.3
Research	26.8	27.0	27.6	28.8	32.5
	218.7	*183.4*	*225.7*	*165.7*	*197.6*
ATLANTIC DEVELOPMENT BOARD		(1)	0.2	4.3	22.9
ATOMIC ENERGY	34.7	63.2	45.9	46.6	53.6
AUDITOR GENERAL'S OFFICE	1.1	1.2	1.3	1.6	1.7
BOARD OF BROADCAST GOVERNORS	0.3	0.4	0.3	0.4	0.4
CANADIAN BROADCASTING CORPORATION—					
Grants in respect of the net operating requirements of the national broadcasting service	76.5	79.0	85.7	85.9	97.0
International service	1.7	1.8	1.9	2.1	2.4
	78.2	*80.8*	*87.6*	*88.0*	*99.4*
CENTRAL MORTGAGE AND HOUSING CORPORATION	5.8	8.7	13.5	15.0	19.4
OFFICE OF THE CHIEF ELECTORAL OFFICER	0.4	11.8	11.9	0.6	13.1
CITIZENSHIP AND IMMIGRATION—					
Administration and general	3.6	3.9	4.6	5.6	5.3
Immigration	10.7	10.8	11.4	12.2	15.0
Municipal winter works incentive program		0.9	26.7	42.8	40.4
National employment service	17.9	18.8	19.0	21.2	22.8
Technical and vocational training assistance payments to provinces	35.7	208.0	136.4	97.9	120.2
	67.9	*242.4*	*198.1*	*179.7*	*203.7*
CIVIL SERVICE COMMISSION	4.7	4.8	5.2	6.2	8.2
DEFENCE PRODUCTION—					
Defence expenditure	16.1	17.8	18.1	19.7	14.6
Non-defence expenditure	2.1	1.9	1.9	3.3	9.0
	18.2	*19.7*	*20.0*	*23.0*	*23.6*
ECONOMIC COUNCIL OF CANADA			0.2	0.8	1.1
EMERGENCY MEASURES ORGANIZATION	5.1	6.4	6.9	7.7	8.4
EXTERNAL AFFAIRS—					
Administration and general	28.9	23.7	28.8	32.8	48.4
External aid	53.9	46.5	51.7	81.4	85.7
Representation abroad	12.8	15.0	16.5	17.0	19.6
	95.6	*85.2*	*97.0*	*131.2*	*153.7*
FINANCE—					
Administration and general	19.4	32.3	23.1	22.9	30.9
Assistance re storage costs of grain	48.8	35.2	39.6	34.0	37.5

The Budget—Appendix

STATEMENT OF EXPENDITURE BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1961-62	1962-63	1963-64	1964-65	1965-66 (estimated)
FINANCE—*Concluded*					
Office of the Comptroller of the Treasury	22.0	23.3	23.8	24.9	25.0
Grants to municipalities in lieu of taxes on federal property	24.7	29.2	31.5	35.7	36.9
Grants to universities	19.4	26.3	26.8	27.3	27.8
Municipal Development and Loan Board			0.1	2.6	30.0
Public service superannuation account—					
Government's contribution	46.9	51.1	54.0	55.6	58.0
Amortization of deferred charges				10.0	25.6
Fiscal, subsidy and other payments to provinces	541.2	275.3	254.3	358.4	473.3
Public debt charges—					
Interest on public debt	802.9	881.6	954.5	1,012.1	1,052.0
Cost of issuing new loans and annual amortization of bond discounts and commissions	35.3	34.6	38.2	38.2	32.0
Servicing of public debt	0.8	1.6	1.0	1.0	1.0
	1,561.4	*1,390.5*	*1,446.9*	*1,622.7*	*1,830.0*
FISHERIES	23.1	23.3	23.7	25.6	35.4
FORESTRY—					
Administration and general	14.8	16.2	18.5	20.7	22.2
Freight assistance and grain storage costs	17.5	14.4	18.7	19.1	21.0
Rehabilitation and reclamation projects	1.0	1.2	4.6	10.0	16.0
	33.3	*31.8*	*41.8*	*49.8*	*59.2*
GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS	0.5	0.5	0.5	0.6	0.7
INDUSTRY—					
Defence	4.4	8.0	19.0	20.5	25.0
Non-defence	0.1	0.4	0.7	3.3	6.0
	4.5	*8.4*	*19.7*	*23.8*	*31.0*
INSURANCE	1.4	1.4	1.4	1.4	1.5
JUSTICE	8.2	8.4	9.9	10.9	11.8
LABOUR	30.7	32.8	7.3	24.3	24.4
Unemployment Insurance Commission—					
Administration and general	28.0	29.3	29.8	33.1	33.1
Government's contribution	55.6	57.3	59.3	62.1	65.5
	114.3	*119.4*	*96.4*	*119.5*	*123.0*
LEGISLATION—					
House of Commons	6.2	5.9	10.1	11.1	11.7
Senate	1.9	1.8	2.5	2.7	2.7
Library of Parliament	0.3	0.4	0.3	0.4	0.5
	8.4	*8.1*	*12.9*	*14.2*	*14.9*
MINES AND TECHNICAL SURVEYS—					
Administration and general	49.1	47.2	40.7	42.5	56.3
Dominion Coal Board	19.9	20.4	20.6	23.2	23.4
Emergency gold mining assistance	12.4	15.2	15.0	15.7	14.3
National Energy Board	0.4	0.5	0.6	0.7	0.9
Water resources branch	2.4	5.5	10.3	12.1	13.7
	84.2	*88.8*	*87.2*	*94.2*	*108.6*
NATIONAL CAPITAL COMMISSION	8.7	13.0	12.2	10.4	18.6

The Budget—Appendix

STATEMENT OF EXPENDITURE BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1961–62	1962–63	1963–64	1964–65	1965–66 (estimated)
NATIONAL DEFENCE—					
Defence forces, army, naval and air services	1,504.3	1,435.4	1,460.6	1,369.2	1,353.4
Defence research and development	40.4	41.1	46.1	54.5	73.0
Canadian forces superannuation account—					
Government's contribution	56.0	58.1	59.7	58.8	58.8
Special government contribution			76.5		
Amortization of deferred charges				13.4	16.8
Mutual aid to NATO countries	11.1	25.0	28.9	27.5	18.6
Pensions—payments under Defence Services Pension Act	7.3	7.5	7.9	8.1	9.0
Other	7.4	7.2	6.3	6.3	7.1
	1,626.5	*1,574.3*	*1,686.0*	*1,537.8*	*1,536.7*
NATIONAL FILM BOARD	5.1	5.6	5.8	6.4	6.9
NATIONAL GALLERY OF CANADA	1.0	1.0	1.1	1.3	1.9
NATIONAL HEALTH AND WELFARE—					
Administration and general	1.8	1.9	2.0	2.3	2.3
Health services—					
General health grants and hospital construction grants	49.0	50.3	53.0	56.7	52.0
Government's contributions under the Hospital Insurance and Diagnostic Services Act	283.9	336.7	392.2	433.9	314.0
Other	6.3	6.6	6.9	6.8	7.0
Welfare services—					
Family allowances	520.8	531.6	538.3	545.8	552.0
Youth allowances				26.9	46.5
Fitness and amateur sport payments	0.2	1.1	1.6	2.0	2.0
Old age assistance, blind persons and disabled persons allowances	51.4	62.7	64.4	74.0	45.4
Unemployment assistance	92.0	96.5	107.4	107.5	104.6
Other	5.4	5.9	6.9	8.4	9.8
Medical services	28.1	28.9	30.6	32.5	37.5
Food and drug services	2.5	2.8	3.4	4.3	5.3
	1,041.4	*1,125.0*	*1,206.7*	*1,301.1*	*1,178.4*
NATIONAL RESEARCH COUNCIL, INCLUDING THE MEDICAL RESEARCH COUNCIL	38.8	40.6	47.3	56.6	74.1
NATIONAL REVENUE	75.3	78.6	83.0	86.9	95.2
NORTHERN AFFAIRS AND NATIONAL RESOURCES—					
Administration and general	62.2	69.2	58.5	62.6	71.7
Indian affairs	50.4	51.0	55.6	64.8	81.5
	112.6	*120.2*	*114.1*	*127.4*	*153.2*
POST OFFICE	185.0	189.4	206.9	210.5	239.2
PRIVY COUNCIL, INCLUDING PRIME MINISTER'S OFFICE	6.8	5.2	6.1	8.2	9.1
PUBLIC ARCHIVES AND NATIONAL LIBRARY	1.0	1.1	1.1	1.5	1.9
PUBLIC PRINTING AND STATIONERY—					
Publications	1.9	2.0	2.2	2.7	3.0
PUBLIC WORKS—					
Administration and general	15.5	15.7	15.6	30.2	34.6
Accommodation services	81.4	71.6	74.3	87.4	108.7
Harbours and rivers engineering services	35.8	29.4	23.6	30.3	36.1
Trans-Canada highway contributions	41.6	33.0	41.3	76.1	80.0
	174.3	*149.7*	*154.8*	*224.0*	*259.4*

The Budget—Appendix

STATEMENT OF EXPENDITURE BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(in millions of dollars)

—	1961–62	1962–63	1963–64	1964–65	1965–66 (estimated)
Office of the Representation Commissioner			(1)	0.2	0.8
Royal Canadian Mounted Police	60.5	65.4	66.9	76.2	82.0
Secretary of State	3.2	4.8	7.6	21.9	25.8
Solicitor General—					
Correctional services	23.9	25.5	27.9	39.0	57.3
Trade and Commerce—					
Administration and general	14.3	14.0	15.0	16.8	19.6
Canadian government travel bureau	3.0	3.4	3.9	4.9	6.4
Canadian Corporation for the 1967 World Exhibition		0.3	1.2	19.5	5.0
Dominion Bureau of Statistics	24.6	11.9	12.3	13.5	15.8
	41.9	*29.6*	*32.4*	*54.7*	*46.8*
Transport—					
Administration and general	5.8	5.9	4.7	7.0	6.3
Air services	150.0	136.9	121.1	131.4	141.2
Canadian Maritime Commission	10.2	31.0	49.8	40.6	49.8
Marine services	48.6	57.8	64.1	64.5	87.2
Non-active assets—					
National Harbours Board	4.9	5.2	0.3	7.6	5.1
Railways and steamships	4.6	14.6	30.2	35.4	40.4
Maritime Freight Rates Act	12.2	12.9	13.4	14.7	15.3
Deficits—					
Canadian National Railways	67.3	48.9	43.0	38.7	33.4
Newfoundland ferry and terminals	7.3	8.2	8.6	11.1	12.7
Prince Edward Island car ferry and terminals	3.0	3.3	3.3	4.0	4.1
Yarmouth—Bar Harbour ferry service	0.1	0.2	0.2	0.1	
Board of Transport Commissioners	1.3	1.3	1.4	1.5	1.6
Freight Rates Reduction Act	19.0	20.6			
Payments to railways for the maintenance of the rates of freight traffic	50.0	50.0	68.1	68.7	95.2
Maintenance of trackage	7.0	7.0	7.0	7.0	7.0
Contributions to the railway grade crossing fund	10.0	5.8	5.1	5.1	14.0
Air Canada—deficit	6.5	3.5			
Canals and works entrusted to The St. Lawrence Seaway Authority	2.6	2.9	3.0	29.0	10.5
	410.4	*416.0*	*423.3*	*466.4*	*523.8*
Veterans Affairs—					
Administration and general	10.4	10.3	10.0	10.5	10.7
Pensions	177.9	175.9	173.2	180.3	185.5
Provision for reserve for conditional benefits	3.3	3.2	3.2	3.1	3.0
Soldier settlement and veterans land acts	4.6	4.6	4.5	4.5	4.6
Treatment services	47.0	45.3	45.5	46.4	50.1
Welfare services, allowances and other benefits	89.1	95.4	96.4	106.8	116.1
	332.3	*334.7*	*332.8*	*351.6*	*370.0*
Total Expenditure	6,520.6	6,570.3	6,872.4	7,218.3	7,707.0

Where transfers have taken place during the current fiscal year, pursuant to the Public Services Rearrangement and Transfer of Duties Act, necessitating the transfer of part votes, such changes as required have been made in 1964–65, but not in prior years.

(1) Less than $50,000.

The Budget—Appendix

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

——	1961–62	1962–63	1963–64	1964–65	1965–66 (estimated)
Loans to, and investments in, Crown corporations—					
Air Canada	0.2	−0.4	0.4	−1.4	2.4
Atomic Energy of Canada Limited	4.9	−12.5	0.4	12.0	11.9
Canadian Arsenals Limited					−2.5
Canadian Broadcasting Corporation				14.3	14.0
Canadian Commercial Corporation	3.0	−0.5	−4.0	−2.0	4.0
Canadian Corporation for the 1967 World Exhibition					37.0
Canadian National Railways	72.2	274.7	−28.8	24.7	58.7
Canadian National (West Indies) Steamships Limited	−0.7	−0.6			
Canadian Overseas Telecommunication Corporation	6.2	11.4	6.2	−0.4	2.7
Central Mortgage and Housing Corporation	190.3	101.8	113.3	221.7	300.0
Farm Credit Corporation	54.2	59.0	69.9	102.4	150.0
National Capital Commission	6.2	9.4	12.1	6.9	10.3
National Harbours Board	6.0	13.8	5.5	1.7	3.7
Northern Canada Power Commission	−0.3	−7.2	3.4	5.4	2.9
Northern Ontario Pipe Line Crown Corporation	−4.7	−8.4	−110.6		
The St. Lawrence Seaway Authority	(1)28.3	(1)22.7	(1)24.9	(1)−6.5	(1)25.6
Other				−0.1	
	365.8	*463.2*	*92.7*	*378.7*	*620.7*
Loans to national governments—					
United Kingdom—					
The United Kingdom Financial Agreement Act, 1946	−17.1	−17.5	−17.8	(2)19.6	(2)19.2
Export Credit Insurance Act	−15.3	−105.9	−2.3	−2.3	−2.3
Export Credits Insurance Corporation, sec. 21A	5.3	19.6	23.4	33.4	39.0
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada	−5.0	−5.0	−5.0	−5.0	−4.5
Loan to India for the purchase in Canada of aircraft and associated spare parts and equipment			10.0	−1.4	−2.1
Special loan assistance—developing countries					6.1
Other	−1.0	−0.6			
	−33.1	*−109.4*	*8.3*	*44.3*	*55.4*
Other loans and investments—					
Subscriptions to capital of, working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
International monetary fund	21.0	12.6			
International bank for reconstruction and development		6.8			
International development association	7.9	8.5	7.9	7.9	15.0
Working capital advances and loans to international organizations	−0.1	6.2	0.2	−0.2	
Loans to provincial governments	−0.5	5.8	−0.5	−4.8	22.7
Municipal development and loan board				7.6	109.8
Provincial tax collection agreements—advances		13.1	−2.7	−10.4	
Balances receivable under agreements of sale of Crown assets	−1.5	−2.3	−2.3	−1.8	−1.8
Housing projects for Canadian forces	1.9	6.1	5.4	2.5	0.5
Old age security fund	−17.3	41.7	58.3	−75.0	−25.0
Unemployment Insurance Commission	−67.0				
Other	2.5	−0.3	−0.2	1.5	7.6
	−53.1	*98.2*	*66.1*	*−72.7*	*128.8*
Net total of changes in loans and investments	279.6	452.0	167.1	350.3	804.9

(1) Includes deferred interest.
(2) Deferred interest.

The Budget—Appendix

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1966 AND THE ANNUAL INTEREST THEREON (estimated)

—	Date of maturity	Rate per cent	Amount of loan	Annual interest
			$	$
Payable in Canada—				
Loan of 1965 CT 16	1966 May 1	3½	325,000,000	11,375,000
Ninth victory loan P 7	Sept. 1	3	245,202,200	7,356,066
Loan of 1965 CT 20	Sept. 1	3¾	205,000,000	7,687,500
Canada savings bonds 1954 S 9	Nov. 1	3¼	(1)23,320,700	757,923
Loan of 1961 AT 6	Dec. 15	4½	175,000,000	7,875,000
Loan of 1963 and 1964 CT 5	Dec. 15	4½	125,000,000	5,625,000
Loan of 1965 CT 22	Dec. 15	4	150,000,000	6,000,000
Loan of 1966 CT 25	1967 Apr. 1	4	170,000,000	6,800,000
Loan of 1961 and 1963 AT 9	June 1	4¼	275,000,000	11,687,500
Loan of 1965 CT 18	June 1	4¼	50,000,000	2,125,000
Loan of 1962 AT 12	Oct. 1	3¾	100,000,000	3,750,000
Loan of 1964 and 1965 CT 14	Oct. 1	3¾	250,000,000	9,375,000
Canada savings bonds 1955 S 10	Nov. 1	3¼	(1)22,538,600	732,504
Loan of 1962 AT 11	1968 Jan. 15	4¼	250,000,000	10,625,000
Loan of 1964 CT 8	Jan. 15	4¼	130,000,000	5,525,000
Refunding loan 1950 P 9	June 15	2¾	308,581,000	8,485,978
Loan of 1963 and 1964 CT 3	Oct. 1	5	441,000,000	22,050,000
Canada savings bonds 1959 S 14	Nov. 1	5	(1)851,797,350	42,589,867
Loan of 1960 T 39	1969 Apr. 1	5½	80,000,000	4,400,000
Loan of 1965 CT 23	Apr. 1	5½	100,000,000	5,500,000
Loan of 1962 AT 16	Apr. 1	5½	100,000,000	5,500,000
Canada savings bonds 1956 S 11	May 1	4	(1)41,105,600	1,644,224
Loan of 1964 CT 11	July 1	5	325,000,000	16,250,000
Loan of 1962 AT 13	Oct. 1	5½	80,000,000	4,400,000
Loan of 1965 CT 21	Oct. 1	5½	145,000,000	7,975,000
Loan of 1958 T 24	1970 May 1	3½	200,000,000	7,000,000
Loan of 1965 and 1966 CT 19	July 1	5	175,000,000	8,750,000
Canada savings bonds 1957 S 12	Nov. 1	4¾	(1)336,301,350	15,974,314
Canada savings bonds 1960 S 15	Nov. 1	5	(1)375,117,950	18,755,897
Loan of 1964 CT 15	1971 June 1	5	350,000,000	17,500,000
Canada savings bonds 1961 S 16	Nov. 1	4½	(1)293,177,450	13,192,985
Conversion loan 1958 T 28	1972 Sept. 1	4¼	1,267,203,100	53,856,132
Loan of 1965 CT 17	1973 Oct. 1	5	275,000,000	13,750,000
Canada savings bonds 1958 S 13	Nov. 1	4¼	(1)90,017,600	3,825,748
Canada savings bonds 1964 S 19	1974 Nov. 1	4½	(1)851,848,550	38,333,185
Loan of 1959 T 36	1975 Oct. 1	5½	310,361,000	17,069,855
Loan of 1965 CT 24	Oct. 1	5½	50,000,000	2,750,000
Canada savings bonds 1963 S 18	Nov. 1	5	(1)818,813,300	40,940,665
Loan of 1960 T 38	1976 Apr. 1	5½	436,198,000	23,990,890
Loan of 1954 T 11	June 1	3¼	247,046,500	8,029,011
Canada savings bonds 1962 S 17	Nov. 1	5	(1)1,174,623,450	58,731,173
Canada savings bonds 1965 S 20	1977 Nov. 1	4½	(1)878,484,750	39,536,314
Loan of 1953 and 1958 T 5	1978 Jan. 15	3¾	207,911,500	7,796,681
Loan of 1954 T 13	1979 Oct. 1	3¼	343,246,500	11,155,511
Loan of 1962 AT 14	1980 Aug. 1	5½	120,000,000	6,600,000
Loan of 1966 CT 26	Aug. 1	5½	80,000,000	4,400,000
Conversion loan 1958 T 29	1983 Sept. 1	4½	1,992,679,450	89,670,575
Loan of 1963 AT 21	1988 June 1	5	100,000,000	5,000,000
Loan of 1964 CT 9	June 1	5	50,000,000	2,500,000
Loan of 1964 CT 12	1990 May 1	5¼	225,000,000	11,812,500
Conversion loan 1956 T 15	1998 Mar. 15	3¾	197,045,000	7,389,188
Loan of 1936 P 1	Perpetual	3	55,000,000	1,650,000
Three-month treasury bills		(2)4.92	1,370,000,000	49,594,000
Six-month treasury bills		(2)5.15	780,000,000	29,094,000
Special non-marketable bonds (U.I.C.)		4⅝	3,000,000	138,750
Special non-marketable bonds (U.I.C.)		4½	80,500,000	3,622,500
Special non-marketable bonds (U.I.C.)		4⅞	63,500,000	3,095,625
			18,765,620,900	831,597,061
Payable in New York—				
Loan of 1949	1974 Sept. 1	2¾	(3)65,087,502	1,789,906
Loan of 1950	1975 Sept. 15	2¾	(3)41,047,527	1,128,807
Loan of 1962	1987 Oct. 15	5	(3)264,864,600	13,243,230
			370,999,629	16,161,943
			19,136,620,529	847,759,004

The interest shown is a projection for one year at the annual rates on principal amounts outstanding at March 31, 1966. Where various rates of interest are applicable during the term of a loan the interest rate in effect at March 31, 1966 has been used.

(1)Estimated.

(2)Rate of discount at tender on March 17, 1966.

(3)Conversion rate $1 U.S.=$1.08108 Canadian.

HOUSE OF COMMONS

Wednesday, March 30, 1966

The house met at 2.30 p.m.

[*Translation*]

PRIVILEGE

MR. LANGLOIS (MÉGANTIC)—AUDITING OF WINTER WORKS PAYMENTS

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I raise the question of privilege following information I received from the Minister of Citizenship and Immigration and future Minister of Manpower (Mr. Marchand) and also following a question bearing no. 1,024 on the order paper and in the light of information given in sworn statements by some taxpayers living in two parishes among others which took advantage of the Winter Works Act to complete works paid for with money which the federal government had allocated for that purpose.

From 1961 to 1966 inclusive—the cost of works this year will reach approximately $194,000—complaints have been made to the effect that the municipalities were using funds supplied by the federal government —those which appear in the reply to the question whose number I have already given —to other purposes, so that it constituted a misappropriation of funds and even embezzlement.

Here is how it is done: cheques are given to people who have never worked; they are forced to endorse them and the municipal council takes them back. The individual has not worked but is registered in the books of the municipality as having worked at the rate prevailing in the region under the winter works program.

The same thing happened last year with regard to the construction of the new post office. It happened also with regard to the building materials. Some figures in the books are false according to affidavits to that effect.

In view of the answer given to my question where the last two paragraphs read as follows:

> What are the names of the persons so employed during each of these winter seasons?
>
> What amount has each individual received for the work performed each season during which he was employed?

• (2:40 p.m.)

In view of the fact that, as a private member it is impossible to obtain that information—these are figures which appear in the books of the municipalities—I ask the government to audit the books of those municipalities or to send auditors to check all those facts.

Mr. Speaker, I would like—

Mr. Speaker: Order. For the information of the Chair, has the hon. member mentioned or stated the question of privilege he is planning to raise?

Mr. Langlois (Mégantic): Yes, Mr. Speaker. My question of privilege is to the effect that government funds are now used for purposes other than those for which they were allocated, through fraud and misrepresentations.

Mr. Speaker: Order. I must say right now that the hon. member gave me notice of the question of privilege he has just raised. Unfortunately, he failed to allow for the full hour required by the rules. However, I am ready to overlook that irregularity, since it is only a matter of a few minutes. However, I think I should consider the question of privilege on its merits. The hon. member is raising a point which, I think, is neither affecting the privileges of the House of Commons nor the privileges of the hon. member as such.

I would refer him to page 303 of Bourinot's fourth edition which I will quote in English as follows:

[*English*]

> In the Canadian house, questions of privilege take a wide range, but it may be stated in general terms that they refer to all matters affecting the rights and immunities of the house collectively, or to the position and conduct of members in their representative character.

[*Translation*]

As the hon. member knows, according to the practice of the house and under standing orders, the Speaker shall, after hearing the question of privilege of an hon. member, determine whether there really is a *prima facie* question of privilege.

I would refer the hon. member for Mégantic to section 104, subsection (5) of

Beauchesne's fourth edition which reads as lows:

As a motion taken at the time for matters of privilege is thereby given precedence over the prearranged program of public business, the Speaker requires to be satisfied, both that there is a *prima facie* case that a breach of privilege has been committed, and also that the matter is being raised at the earliest opportunity.

I am not sure whether this question is being raised at the earliest opportunity and, under the circumstances, this is difficult to ascertain.

In this particular case I do not see any breach of the hon. member's privileges or any breach of the house's privileges. That is why, under the circumstances, I cannot accept the question of the hon. member.

Mr. Langlois (Mégantic): Mr. Speaker, I accept your ruling and reserve the right to put the question later on in a way that will be acceptable.

[*English*]

VETERANS AFFAIRS

REFERENCE TO COMMITTEE OF HONG KONG REPORT

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, as the result of a number of requests from veteran members of the house it has been decided to refer the Hong Kong report to the standing committee on veterans affairs. If I may obtain unanimous consent of the house I am prepared to move the necessary motion.

Some hon. Members: Agreed.

Mr. Teillet moved:

That the subject matter of the report of a study of disabilities and problems of Hong Kong veterans, 1964-65, laid before this house on February 11, 1966, be referred to the standing committee on veterans affairs.

Motion agreed to.

AGRICULTURE

EGGS—ANNOUNCEMENT OF DEFICIENCY PAYMENT PROGRAM

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I wish to inform the house that the Agricultural Stabilization Board has been authorized to support the price of eggs by a deficiency payment program for the current twelve month period ending September 30, 1966. The support level is at the national average price of 34 cents per dozen for the first 4,000 dozen and 31 cents per dozen for the next 6,000 dozen grade A extra large, large and medium eggs with a minimum eligibility for support set at 500 dozen, grade A extra large, large, or medium eggs.

The above support levels represent 96.2 per cent and 87.7 per cent, respectively, of the national base price or ten year average. Last year the single support level of 34 cents per dozen, limited to 4,000 dozen, was 94.1 per cent of the base price.

Producers must be registered with the board and must have marketed their eggs through registered grading stations or have sold their eggs to retail outlets as producer-graders to be eligible for deficiency payments.

Mr. H. W. Danforth (Kent, (Ont.)): Mr. Speaker, the statement the minister has just made focuses attention upon a serious failure in government agricultural policy, one which has been the subject of criticism by farmers across this nation. Here we have a statement at the very end of March setting out the government's intentions for the current year which ends in September. As is so often the case, farm producers wish that these announcements of the government's intentions could be made prior to their year commencing so they could make their own plans and decide whether or not to produce the commodity in question. When such announcements are delayed until their plans have been made, there is little farmers can do to change.

I noticed the statement contained no reference to making this subsidy available on a quarterly basis, as was done in the case of the dairy subsidy, though this is something for which farmers have been agitating for some time. It is true that the price of 34 cents per dozen is the same as was paid last year, and the addition of the 31 cents per dozen stabilization price for the extra 6,000 dozen will be welcome news to the producers.

The one prime fact in this announcement which will be unwelcome news to thousands of farmers across Canada is this requirement setting minimum eligibility for support at 500 dozen before a farmer may receive any subsidy at all. Anyone connected with the poultry industry today knows that it is the small farmers across this nation who are in dire circumstances as far as egg production is concerned. Hundreds of family producers are going out of business, and the policy the minister has announced today does nothing to help these small producers who find themselves in dire economic circumstances.

• (2:50 p.m.)

Mr. E. R. Schreyer (Springfield): I wish to subscribe to the concluding remarks made by the previous speaker, and I wish to do this

with all the emphasis I can command. I am sure the minister and the officials of his department are fully aware that it is particularly on the small scale producer that the cost price squeeze is impinging most heavily. It is therefore to be hoped that as soon as possible the board and the government will see fit to reduce the minimum for eligibility for this deficiency payment. I also hope the government and the board are keeping under active consideration the feasibility of including for support grade B, or the lower grades of egg production.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

STUDY OF RIDEAU CANAL DOCKING FACILITIES

Question No. 193—**Mr. Hopkins:**

In light of current traffic in the Rideau canal, has the government conducted any study of dockage or mooring facilities at (a) Westport (b) Portland, and (c) Smiths Falls?

Hon. G. J. McIlraith (Minister of Public Works): (a) Yes, an investigation has been made and the extension of the public wharf at Westport is now under consideration (b) A contract for wharf reconstruction at Portland, Ont., was awarded by the Department of Public Works on March 14, 1966 (c) An investigation is to be undertaken shortly by the Department of Public Works into the request for the construction of a launching ramp at Smiths Falls.

R.C.M.P. MUSICAL RIDE

Question No. 712—**Mr. Enns:**

1. How is the R.C.M.P. musical ride financed when appearing in Canada?

2. Do the same conditions apply if the musical ride is invited outside of the country?

3. Do local fairs and exhibitions pay for any portion of the cost of the performance?

Hon. L. T. Pennell (Solicitor General): 1. Expenses for an appearance by the musical ride are assumed by the sponsor(s) commencing from the time it leaves its training centre. Included are the cost of meals, accommodation, transportation and dry cleaning, if necessary, for the members, and feed, stabling, transportation and veterinary care for the horses. The sponsor(s) continue to pay these costs until the musical ride returns to its training base.

2. Yes.

3. Yes. Local fairs and exhibitions pay all of the expenses outlined in No. 1. They are also responsible for providing musical accompaniment to the ride performance.

REPRESENTATIONS BY TRUCKING ASSOCIATION

Question No. 715—**Mr. Mongrain:**

1. Since November 8, 1965, has the Minister of Transport received any delegation or written submission from the Canadian Trucking Association Inc?

2. Since that date or during the preceding months, has the minister learned that the above mentioned association is opposed to subsidies being paid by the government to the railways to compensate salary increases?

3. Is it the intention of the minister to discuss with the provinces the question of standardizing legislation governing interprovincial transport?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1 and 2. Yes: the Canadian Trucking Association has made representations questioning the payment of certain subsidies to the railways.

3. Policy in this matter will be determined in due course.

TOURIST FACILITIES, KANANASKIS FOREST RESERVE

Question No. 724—**Mr. Ballard:**

1. Has the Minister of Forestry considered the construction of additional camp ground sites for the use of tourists and visitors, and the improvement of existing camping facilities in the Kananaskis forest reserve and, if not, will the minister give this consideration?

2. Has the minister considered the granting of permission for the leasing of sites for additional summer cottages on the shoreline of the Kananaskis Lakes and, if not, will the minister give this consideration?

Hon. Maurice Sauvé (Minister of Forestry): 1 and 2. The federal Department of Forestry operates a forest experiment station within the larger area known as the Kananaskis forest reserve; however, apart from the experiment station, the reserve is not under the jurisdiction of the federal Department of Forestry. Since the experiment station is operated for research purposes, consideration has not been given to its use for other purposes such as camp sites or cottages for tourist use.

Questions

REDEVELOPMENT OF LEBRETON FLATS, OTTAWA

Question No. 795—**Mr. Bell (Carleton):**

Referring to part I of the sixty-fifth report of the National Capital Commission at page 13, what proposals and recommendations have been made for the redevelopment of the LeBreton flats area in the city of Ottawa?

Hon. G. J. McIlraith (Minister of Public Works): Proposals and recommendations that have been made with respect to the redevelopment of the LeBreton Flats area are that:

In order to improve the foreground to Parliament Hill, the area which can be generally described as consisting of those lands bounded by Wellington Street, Bronson Avenue extended northerly, Nepean Bay, the Ottawa river and Bronson channel, is to be used to provide sites for the construction of government buildings which need to be located in the central part of Ottawa. It is planned that the first government building to be located in the area will be the new headquarters for the Department of National Defence.

In addition to providing sites for government buildings, part of the area will be used to provide the connection of the Ottawa river parkway to Wellington street. Part of the area will be required to provide rights of way for new internal streets and traffic arteries necessary to provide suitable access for the large number of employees that will eventually work in the LeBreton Flats area. These will also serve the central part of the national capital and the internal streets will provide better access to the proposed historic park on Victoria island.

Other uses, such as a small commercial area, office buildings and some apartment or similar residential uses are being studied.

It is proposed that the development of LeBreton Flats be carried out so that the buildings and other works are constructed in a landscaped setting while at the same time making economical use of the land.

CONSTRUCTION OF R.C.M.P. HEADQUARTERS, BRANDON, MANITOBA

Question No. 812—**Mr. Dinsdale:**

Does the government intend to proceed with the construction of an R.C.M.P. headquarters in Brandon, Manitoba, this year?

Hon. L. T. Pennell (Solicitor General): No. The Department of Public Works will however, negotiate on behalf of the R.C.M. Police to have a new R.C.M.P. subdivision headquarters constructed at Brandon, Manitoba, by private enterprise for long term lease to the crown. It is anticipated construction will proceed in 1966-67.

INTER-AMERICAN BANK

Question No. 828—**Mr. Cameron (Nanaimo-Cowichan-The Islands):**

1. What sums has the government made available under the agreement to participate in the work of the Inter-American bank?

2. To what countries have the loans been made?

3. What Canadian goods have been purchased by these countries?

4. What Canadian firms have benefited under section 4 of the agreement?

Hon. Paul Martin (Secretary of State for External Affairs): 1. Under the agreement between the government of Canada and the Inter-American Development Bank (concluded on December 4, 1964) $20 million in development loan funds have been allocated for use through the bank for economic, technical and educational assistance.

2. The Inter-American Development Bank has sought and received the approval of the Canadian government for loans to El Salvador and Ecuador. Other loans are expected to be announced shortly.

3. The bank's project preparation has not yet reached the stage where contracts can be let for Canadian goods and services.

4. See answer to question 3 above.

CONSTRUCTION OF R.C.M.P. QUARTERS, GRAND RAPIDS, MAN.

Question No. 839—**Mr. Stefanson:**

Has the government plans to construct R.C.M.P. detachment quarters at Grand Rapids, Manitoba and, if so, have tenders been called and what is the completion date for this?

Hon. L. T. Pennell (Solicitor General): No. The R.C.M. Police is however negotiating with private enterprise to have new detachment quarters constructed at Grand Rapids in 1966-67 for long-term lease to the force.

DUFFERIN-SIMCOE—EFFECT OF TELEVISION TRANSMISSION ON CHANNEL 5

Question No. 932—**Mr. Madill:**

1. Will a television station transmitting on channel 5 from lot 9, concession 12, Medonte township (approximately ten miles northwest of Orillia) affect the reception of television transmissions from

channel 6 Toronto (Canadian Broadcasting Corporation, Toronto outlet) in that area of Ontario comprising the present electoral district of Dufferin-Simcoe?

2. Would the answer to the above be different if channel 6 were transmitting in colour television?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes, in parts thereof.

2. No.

SIMCOE EAST—EFFECT OF TELEVISION TRANSMISSION ON CHANNEL 5

Question No. 933—**Mr. Rynard:**

1. Will a television station transmitting on channel 5 from lot 9, concession 12, Medonte township (approximately ten miles northwest of Orillia) affect the reception of television transmissions from channel 6 Toronto (Canadian Broadcasting Corporation, Toronto outlet) in that area of Ontario comprising the present electoral district of Simcoe East?

2. Would the answer to the above be different if channel 6 were transmitting in colour television?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes. The electoral district of Simcoe East is outside what is considered to be the normal service area of channel 6 Toronto.

2. No.

PARRY SOUND-MUSKOKA—EFFECT OF TELEVISION TRANSMISSION ON CHANNEL 5

Question No. 934—**Mr. Aiken:**

1. Will a television station transmitting on channel 5 from lot 9, concession 12, Medonte township (approximately ten miles northwest of Orillia) affect the reception of television transmissions from channel 6 Toronto (Canadian Broadcasting Corporation, Toronto outlet) in that area of Ontario comprising the present electoral district of Parry Sound-Muskoka?

2. Would the answer to the above be different if channel 6 were transmitting in colour television?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes. The electoral district of Parry Sound-Muskoka is outside what is considered to be the normal service area of channel 6 Toronto.

2. No.

SIMCOE NORTH—EFFECT OF TELEVISION TRANSMISSION ON CHANNEL 5

Question No. 935—**Mr. Smith:**

1. Will a television station transmitting on channel 5 from lot 9, concession 12, Medonte township (approximately ten miles northwest of Orillia) affect the reception of television transmissions from channel 6 Toronto (Canadian Broadcasting Corporation, Toronto outlet) in that area of Ontario comprising the present electoral district of Simcoe North?

2. Would the answer to the above be different if channel 6 were transmitting in colour television?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes. The electoral district of Simcoe North is outside what is considered to be the normal service area of channel 6 Toronto.

2. No.

R.C.M.P. DETACHMENTS, SASKATCHEWAN

Question No. 946—**Mr. McLelland:**

1. How many R.C.M.P. detachments are there in the province of Saskatchewan?

2. Where is each detachment located?

3. How many law enforcement officers are assigned to each detachment?

Hon. L. T. Pennell (Solicitor General): 1. 109.

2 and 3.

Detachment Location	No. of Law Enforcement Officers	Detachment Location	No. of Law Enforcement Officers
Cutknife	2	Milestone	2
Hafford	2	North Portal	1
Lloydminster	13	Radville	3
Maidstone	2	Torquay	1
North Battleford	8	Weyburn	13
Radisson	2	Biggar	5
Unity	2	Elbow	2
Wilkie	3	Eston	3
Glaslyn	2	Kerrobert	2
Goodsoil	2	Kindersley	8
Green Lake	1	Kyle	2

Detachment Location	No. of Law Enforcement Officers	Detachment Location	No. of Law Enforcement Officers
Loon Lake	2	Outlook	6
Meadow Lake	7	Rosetown	8
Onion Lake	2	Colonsay	2
Pierceland	1	Craik	4
Spiritwood	2	Hanley	2
St. Walbur	2	Humboldt	10
Turtleford	1	Imperial	2
Big River	3	Lanigan	2
Blaine Lake	2	Naicam	2
Buffalo Narrows	1	Saskatoon	16
Cumberland House	2	Vonda	1
Ile a la Crosse	4	Watrous	4
Island Falls	1	Assiniboia	8
La Ronge	3	Cabri	1
Prince Albert	14	Climax	1
Shellbrook	4	Consul	1
Stony Rapids	2	Gravelbourg	5
Uranium City	5	Gull Lake	2
Carrot River	3	Leader	3
Hudson Bay	5	Mankota	1
Melfort	8	Maple Creek	8
Nipawin	3	Morse	4
Porcupine Plain	2	Mossbank	1
Rosthern	3	Ponteix	2
Smeaton	2	Shaunavon	4
Tisdale	10	Swift Current	6
Wakaw	3	Val Marie	1
Waskesiu	1	Willow Bunch	2
Avonlea	2	Balcarres	3
Broadview	8	Esterhazy	2
Fort Qu'Appelle	4	Foam Lake	4
Indian Head	6	Ituna	2
Kipling	1	Langenburg	2
Lumsden	1	Melville	11
Montmartre	1	Punnichy	4
Moose Jaw	12	Yorkton	19
Moosomin	4	Canora	6
Regina	19	Kamsack	9
Strasbourg	2	Kelvington	2
Bengough	2	Pelly	2
Carlyle	5	Rose Valley	2
Carnduff	2	Sturgis	2
Estevan	7	Wadena	5
Fillmore	1		

ARDA PROJECTS APPROVED, MANITOBA

Question No. 966—**Mr. Stefanson:**

1. To date how many projects have been approved in the province of Manitoba under the ARDA agreement, and what is the estimated total cost of these and how is the cost shared?

2. To date, how much money has the federal government actually paid out towards these projects?

Hon. Maurice Sauvé (Minister of Forestry): 1. To November 30, 1965, 75 projects have been approved for the province of Manitoba under the federal provincial rural development agreement. The total estimated cost figure of these projects is not available. However, the federal contribution totals $3,832,660 and in the majority of cases, cost shared is on a 50/50 basis.

2. To November 30, 1965, the total expenditures by the federal government amount to $1,803,927.

*CAUSEWAY BETWEEN CHRISTIAN ISLAND AND MAINLAND

Question No. 997—**Mr. Rynard:**

Will the government give consideration to a review and reassessment of proceeding with a causeway joining Christian Island in Georgian Bay to the mainland?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to the question is yes. The Department of Public Works has been asked to make a technical study to determine the cost of constructing a causeway or bridge to service this community.

POST OFFICE CONSTRUCTION, BARSS CORNERS, NOVA SCOTIA

Question No. 1,041—**Mr. Crouse:**

Were tenders called for a new post office in Barss Corners, Lunenburg county, Nova Scotia, in 1965 and, if so, (a) how many bids were received (b) what are the names of all persons or firms who tendered on this contract (c) what was the amount of each bid (d) what is the name of the successful tenderer (e) when will construction be started?

Hon. G. J. McIlraith (Minister of Public Works): Yes, (a) One. (b) E. K. Potter Ltd., Plympton, N.S. (c) $37,689. (d) and (e) project cancelled due to high cost.

WHARF AND BREAKWATER MAINTENANCE, NOVA SCOTIA

Question No. 1,042—**Mr. Muir (Cape Breton North and Victoria):**

What is the dollar value of wharf and breakwater construction and repairs to be carried out in the fiscal year 1966-67 in the province of Nova Scotia?

Hon. G. J. McIlraith (Minister of Public Works): Approximately $3,500,000.

WAGE BRIEF, H.M.C. "DOCKYARD"

Question No. 1,043—**Mr. Forrestall:**

1. Was a brief presented to the Department of National Defence or to any government department last fall by the Trades and Labour Council of H.M.C. *Dockyard,* Halifax, outlining a five-year schedule of pay increases designed to bring about orderly achievement of wage parity with dockyard employees on the west coast?

2. If so, was the brief and its contents considered by the government?

3. Was a reply made to this brief and, if so (a) by whom (b) what was the content of the reply?

4. Is further action under study by any department of government with respect to this brief and, if so, when will a decision in this regard be made?

Hon. Paul Hellyer (Minister of National Defence): 1. A letter dated November 5, 1965 was received from the trades and labour council of H.M.C. *Dockyard,* Halifax, containing this request.

2. The request was referred to the Treasury Board.

3. The Treasury Board considered this matter and, in a letter dated December 14, 1965, confirmed the continued use of the seven shipyard formula for pay determination purposes in Halifax Dockyard. This information was forwarded to the council by the director general of civilian personnel on December 17, 1965.

4. No.

RAILWAY CAR EMERGENCY TOOLS

Question No. 1,050—**Mr. Thompson:**

Has consideration been given to replacing the emergency tools in railroad cars with ones more suited to the problems which might arise in the event of an accident in the new all-metal cars?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The Board of Transport Commissioners for Canada advise as follows:

The board's regulations require emergency tools consisting of a sledge, axe and saw, to be kept easy of access in case of need. The saw in use, following introduction of steel passenger cars, is a universal steel and wood cutting saw capable of cutting light steel sections. It would hardly be possible to carry hand tools that would be capable of cutting through major structural parts of a passenger car, but the tools carried could be used to break out windows and doors or an interior partition blocking exit and cut light steel obstruction. If there were no tools to break out windows, etc., the lack of them in an emergency would undoubtedly be criticized. The board has received no recommendations from the railways or any source that the

equipment for emergency tools should be dispensed with or varied.

R.C.M.P. RESIDENCE CONSTRUCTION, WINNIPEGOSIS, MANITOBA

Question No. 1,052—**Mr. Forbes:**

1. Does the government intend to proceed with the construction of an R.C.M.P. residence and cell in Winnipegosis this year?

2. Has the government purchased any property for this purpose and, if so (a) how much was paid for the property (b) from whom was the purchase made?

Hon. L. T. Pennell (Solicitor General): 1. No. The R.C.M. Police is, however, negotiating with private enterprise to have new detachment quarters constructed at Winnipegosis in 1966-67 for long term lease to the force.

2. No.

IMPORTS OF U.S. COAL

Question No. 1,057—**Mr. Muir (Cape Breton North and Victoria):**

What was the total tonnage of United States coal imported into Canada, annually, for each year from 1957 to 1965 inclusive?

Hon. Robert Winters (Minister of Trade and Commerce): The total tonnage of coal imported into Canada from the United States, annually, for each year from 1957 to 1965 is as follows:

Year	Quantity '000 Tons
1957	19,419
1958	14,468
1959	14,164
1960	13,515
1961	12,263
1962	12,591
1963	13,347
1964	14,991
Jan.-Oct. (latest figures available)	
1965	13,212

DREDGING, MACDONALD'S POND, N.S.

Question No. 1,058—**Mr. Muir (Cape Breton North and Victoria):**

1. What are the plans of the government for further necessary dredging at MacDonald's Pond, Indian Brook, Victoria county, N.S.?

2. How soon will this work be carried out?

Hon. G. J. McIlraith (Minister of Public Works): 1 and 2. No decision has yet been reached on this matter.

TIMMINS—CLEARING OF MATTAGAMI RIVER

Question No. 1,075—**Mr. Martin (Timmins):**

1. Has any decision been made relative to the clearing of the Mattagami river in Timmins?

2. Have tenders been called for such clearing or will they be called in the near future?

Hon. G. J. McIlraith (Minister of Public Works): 1 and 2. No. However, the need for cleaning the river will be investigated this coming summer when lower water levels will enable such investigation.

MAINTENANCE TENDERS, C.M.H.C. HOUSES, NOVA SCOTIA

Question No. 1,091—**Mr. MacEwan:**

1. What were the names of the tenderers and the amounts of the various tenders for electrical, plumbing and heating maintenance work on 69 Central Mortgage and Housing Corporation single rental houses at New Glasgow, N.S., Stellarton, N.S., and Trenton, N.S.?

2. To whom will the contract or contracts be awarded?

Hon. J. R. Nicholson (Minister of Labour): 1.

Type of Contract & Contractor	Skilled Labour (per hour)	Unskilled Labour (per hour)	Materials	Mark-Up on Materials
Electrical Maintenance Work				
Lightning Electric Company	$3.00	$2.00	Manufacturer's list price	Plus 20 %
Andrew Marks	3.00	2.00	Wholesale	Plus 33⅓%
C. E. MacCarthy Ltd.	4.00	2.00	Wholesale	Plus 15 %
Plumbing & Heating Maintenance Work				
Hayman's Plumbing & Heating	3.28	1.55	Retail	Less 12 %

2. The award of the contract is to be made to the low bidder. In the case of the electrical work it will be awarded to either Lightning Electric Company or Andrew Marks after clarification of material price structure is obtained. In the case of the plumbing and heating contract it will be awarded to the only bidder, Hayman's Plumbing and Heating.

*DOCTORS AND MEDICAL STUDENTS

Question No. 1,105—**Mr. Grafftey:**

Has any department or agency of the federal government information indicating (a) the number of practicing medical doctors and surgeons in Canada in 1955 (b) the number of practicing medical doctors and surgeons in Canada in 1965 (c) the number of medical students admitted to and the number of doctors who graduated from Canadian medical schools in 1955 (d) the number of medical students admitted to and the number of doctors who graduated from Canadian medical schools in 1965?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The estimated number of "active civilian physicians" in Canada in 1955 was 17,221 according to the Report of the Royal Commission on Health Services. In 1961, the number was 21,290 according to the Census of Canada. Information is not available for the year 1965.

In connection with parts (c) and (d) the number of medical students enrolled in Canadian medical schools in the school year 1954-55 was 968, and the number of doctors graduating in the 1954-55 school year was 950. In the 1964-65 school year, the number of students admitted to medical schools in Canada was 1,135 and the number of doctors graduating was 1,034.

[*English*]

FERRY SERVICE, P.E.I.—CAPE BRETON ISLAND

Question No. 1,108—**Mr. Muir (Cape Breton North and Victoria):**

1. Has the government studied the question of the establishment of an automobile ferry service between Prince Edward Island and western Cape Breton island?

2. If not, is the government giving consideration to such a study and when will it be carried out?

3. If a study has been conducted, what are the results thereof?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1, 2 and 3. No detailed study of this project has been made, but preliminary review of the costs of vessel and terminals and costs and conditions of operation compared with probable benefits indicated that such a service would not be feasible.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TREATIES BETWEEN INDIANS AND QUEEN

Question No. 181—**Mr. Howard:**

Do any treaties exist between Indian people in the Province of British Columbia and the Government of Canada or Her Majesty in right of Canada, and if so, what is with respect to each such treaty (a) its name (b) its date of commencement (c) the signatories thereto (d) the name or names of each Indian tribe or band covered thereby?

Return tabled.

WELLAND CANAL IMPROVEMENT CONTRACTS

Question No. 1,015—**Mr. Loney:**

1. How many contracts have been awarded by the St. Lawrence seaway Authority in connection with the Welland canal improvement and twinning project to date?

2. On what dates were each of said contracts awarded, to whom, in what amounts, and for what purpose in each case?

3. Which of said contracts, if any, were awarded to firms which were not the lowest tenderers?

4. In each of said contracts so awarded, what firm or individual made the lowest tender, and how much was such tender below the amount of the successful tenderer?

Return tabled.

SHIPS "FORT LAUZON" AND "FORT RAMEZAY"

Question No. 1,122—**Mr. Howard:**

1. Since January 1, 1965, has Agence Maritime Inc. of Quebec City, operated the two ships *Fort Lauzon* and *Fort Ramezay*?

2. What is the gross tonnage of each of these ships?

MASTERS OF SHIPS "FORT LAUZON" AND "FORT RAMEZAY"

Question No. 1,123—**Mr. Howard:**

1. From January 1, 1965, to date, was the master of each of the two ships *Fort Lauzon* and *Fort Ramezay* duly certificated pursuant to the Canada Shipping Act and at all times in possession of such a certificate and, if so, what is (a) the name of each master (b) the grade of certificate which he holds (c) the date upon which it was issued?

2. From January 1, 1965, to date, was each of the mates of each of these ships duly certificated pursuant to the Canada Shipping Act and at all times in possession of such a certificate and, if so, what is (a) the name of each mate (b) his rank (c) the grade of certificate which each holds (d) the date upon which each such certificate was issued?

Orders for Returns

3. From January 1, 1965, to date, was each of the engineers of each of these ships duly certificated pursuant to the Canada Shipping Act and at all times in possession of such a certificate and, if so, what is (a) the name of each engineer (b) his grade or class (c) the entitlement granted each such engineer by the said certificate (d) the date upon which each such certificate was issued?

OFFICERS OF SHIPS "FORT LAUZON" AND "FORT RAMEZAY"

Question No. 1,124—**Mr. Howard:**

From January 1, 1966, to date, was the master, each of the mates and each of the engineers of the two ships *Fort Lauzon* and *Fort Ramezay* at any time not in possession of a certificate of competency pursuant to the Canada Shipping Act and, if so, with respect to each such person by name, what was (a) the period or periods which each was not so in possession of such a certificate (b) the period or periods during which each such person was employed aboard each such ship, and (c) the authority which permitted such persons to sail or operate the ship, and if such authority existed (i) by whom was it granted (ii) upon what dates was it granted?

CHARLES E. LANGLOIS-JACQUES SIMARD—SHIPPING ACT CERTIFICATES

Question No. 1,125—**Mr. Howard:**

Since January 1, 1966, was either Charles Emile Langlois or Jacques Simard granted any certificate of competency of any kind pursuant to the Canada Shipping Act and, if so, with respect to each such person, what was (a) the nature of the certificate of competency (b) the date upon which each was granted (c) the authority for so granting the certificates?

SHIPS "FORT LAUZON" AND "FORT RAMEZAY"—EXEMPTIONS

Question No. 1,126—**Mr. Howard:**

On how many occasions, upon what dates and for what periods of time, since January 1, 1964 has each of the ships *Fort Lauzon* and *Fort Ramezay* been granted an exemption pursuant to section 137 of the Canada Shipping Act, and for what reasons in each case?

Mr. Irvine: Mr. Speaker, on a point of order I would like to mention that I have been anxiously awaiting the calling of question No. 48, which has been on the order paper since January 18. It is a question that should be very easily answered, and I think I should have an answer as the alleged 60 days of decision are long past.

Mr. Ormiston: Mr. Speaker, on a similar point of order I have had questions Nos. 103, 109 and 112 on the order paper since January 18, and I would point out, sir, that other questions of mine which required much more detailed answers than these have been answered in the meantime. I think it is time some consideration was given to these questions.

[Mr. Howard.]

Mr. Crouse: On the same point of order, Mr. Speaker, on January 19 I placed question No. 143 on the order paper. While I realize it calls for a lot of information, I do believe it should be answered, because the question was asked in the hope that we could get some idea of the expenditures in the various provinces. I would ask the government to endeavour to give me an answer to this question as soon as possible.

Mr. Keays: Mr. Speaker, although I can understand some questions on the order paper require time and extensive research, I do believe questions Nos. 484 and 510, standing in my name, do not require too much research, and I wonder if I can have answers to them?

Mr. Coates: Mr. Speaker, last week three of my questions were made orders for returns. At that time I asked the parliamentary secretary to indicate when I might get the information I requested. As yet I have had no explanation in this regard.

Mr. Nielsen: Mr. Speaker, on Monday I asked the Minister of Justice when he was going to answer question No. 577, and he said "Today or tomorrow." He still has not answered it.

Mr. McCleave: Mr. Speaker, my point of order goes back to ancient times, to question No. 167 which was placed on the order paper on January 21.

Mr. Starr: Get to work and answer the questions.

Mr. Speaker: Order, please.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, may I say to hon. members how happy I am that most of them are satisfied with the service they have received, and to those who have expressed their dissatisfaction I can only say we will do our best to comply as quickly as possible.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notices of motions for the production of

papers Nos. 97 and 103 are acceptable to the government.

I ask that the remaining notices of motions be allowed to stand.

[*English*]

ONTARIO LAWYERS SENTENCED TO PENITENTIARY

Motion No. 97—**Mr. Herridge:**

That an order of the house do issue for a copy of all correspondence between any organization or persons in the province of Ontario and the federal Minister of Justice, the Solicitor General or the Secretary of State for External Affairs, with respect to all members of the legal profession, resident in the province of Ontario, who have been convicted of fraudulent practices and sentenced to penitentiary from January 1, 1963 to January 1, 1966.

Motion agreed to.

TROIS-RIVIÈRES, QUE.—VIEILLES FORGES RECONSTRUCTION

Motion No. 103—**Mr. Mongrain:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence exchanged between the Board of Trade of Trois-Rivières, or its Vieilles Forges blast furnaces reconstruction committee, the Quebec Minister of Cultural Affairs, and the Department of Northern Affairs and National Resources, or any other department, with regard to the reconstruction project of Vieilles Forges (Mauricie) within the boundaries of the city of Trois-Rivières.

Motion agreed to.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DIRECTOR GENERAL OF FAO

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to call the attention of the house to the fact that sitting in the Speakers' gallery is a distinguished international public servant, Mr. B. R. Sen, the director general of FAO. I am sure we all welcome him to this chamber.

Some hon. Members: Hear, hear.

EXTERNAL AFFAIRS

RHODESIA—REPORTED STATEMENTS BY COMMONWEALTH SECRETARY GENERAL

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs arising out of reports of a press interview given by Secretary General Arnold Smith of the commonwealth committee to the effect that Rhodesia's action in breaking away from Britain is comparable to Japanese action in Manchuria in 1931 and Mussolini's invasion of Ethiopia, and furthermore that a continuation of the Rhodesian situation would probably cause an even more hostile attitude by China toward the west than exists today. Has the attention of the government been drawn to these extraordinary statements, and does the government of Canada agree therewith?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I shall have to take a look at the full text of the statement attributed to the secretary general of the commonwealth. I am sure I will find that the full context warrants reading.

Mr. Diefenbaker: Mr. Speaker, I could not be more in agreement, that it warrants reading; but an answer from the government regarding this statement is also warranted.

Mr. Martin (Essex East): Mr. Speaker, so there will be no misunderstanding, when I said it would warrant reading I had in mind that anything Mr. Smith might say would deserve very serious study, because we all regard him as one who has distinguished himself in the performance of his responsibilities as a foreign service diplomat and, by virtue of the office he now holds in the commonwealth, we would want to attach to what he says the consideration which his utterances deserve.

Some hon. Members: Hear, hear.

CAPITAL PUNISHMENT

CONCLUSION OF DEBATE ON MOTION FOR ABOLITION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct my question to the right hon. Prime Minister. In view of the statement contained in the Speech from the Throne to the effect that "arrangements will be made for a decision on the issue of capital punishment at an early date," can the Prime Minister assure the house that necessary arrangements will be made so that a decision can be reached by the house on the motion which has been introduced for the abolition of capital punishment?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, steps will be taken during

the day, which I hope will be satisfactory to the house, in order that an early decision can be made on this matter and yet provide an opportunity for all those who wish to speak to do so.

[*Later:*]

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question supplementary to the one asked by the hon. member for Burnaby-Coquitlam regarding the debate on capital punishment, and I ask it without provocation. Will the Prime Minister indicate whether he thinks this debate will continue before Easter?

Mr. Pearson: I am not sure about that, Mr. Speaker, but I am quite sure that hon. members will be glad to give up some of the days they might otherwise have had during the Easter holiday to debate this matter.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

[*Translation*]

WINTER WORKS

AUDITING OF BOOKS OF MUNICIPALITIES

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, may I put a question to the Minister of Citizenship and Immigration, and also in his capacity as future minister of manpower? I think the minister is well aware of the question I wish to ask him with regard to the question of privilege I raised earlier.

Does the minister intend to launch an investigation or send inspectors to audit the records of the said municipalities, so as to determine the seriousness of the accusations made against them?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, the auditing of municipal records is done by the provincial government. If the member for Mégantic is aware of a case which seems to point to irregularities, I would be grateful if he would bring it to my attention in writing, and I shall have an inquiry conducted.

[*English*]

AGRICULTURE

EGGS—REQUEST FOR CHANGE IN DEFICIENCY PAYMENTS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Minister of Agriculture based on the statement he made to the house earlier today. I should like to ask him whether the government is considering making these deficiency payments for eggs on a semi-annual rather than an annual basis.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I shall be glad to take that suggestion under consideration, but I do believe there are technical impediments to making these payments more often than annually.

[*Translation*]

Mr. Clément Vincent (Nicolet-Yamaska): Mr. Speaker, may I direct a supplementary question to the Minister of Agriculture?

Would the minister tell us what was the minimum quantity eligible for price support last year?

[*English*]

Mr. Speaker: Order, please. The significance of the question is not particularly clear.

[*Translation*]

It seems to me that this is not a question. The hon. member asked a question requiring statistical data and figures. I do not feel it is appropriate to ask such a question, at least in those terms and in that fashion.

Mr. Vincent: Mr. Speaker, perhaps my question was not clear. Here is the question. The minister has announced that, this year, the minimum number of dozens of eggs eligible for price support will be 500 dozens. I am asking the minister what was the minimum number of dozens eligible last year?

[*English*]

Mr. Greene: What is so urgent about that?

Some hon. Members: Oh, oh.

Mr. Starr: He has not got the answer written out.

Mr. Speaker: Order, please. The hon. member has heard the ruling.

Some hon. Members: Hear, hear.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I have a supplementary question. Will the minister also consider the suggestion that these payments be made on a regional basis, in view of the fact that in the three prairie provinces the producers receive no deficiency payments unless they are made on a regional basis?

Mr. Speaker: Order, please. The hon. member is making a suggestion which I assume will be taken into consideration by the Minister of Agriculture. It seems to me that

hon. members are now trying to enter into a debate, or an exchange of views about the announcement made by the minister during motions. The hon. member's question can not be accepted.

INDUSTRY

AUTOMOBILE PARTS—MEETING WITH CHRYSLER CORPORATION PRESIDENT

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question I should like to direct to the Minister of Industry. Is he in a position to say whether the ministers' conference which was held yesterday, I believe, with the president of the Chrysler Corporation of Canada and other senior officials of that company, resulted in any improvement of the position of the Canadian auto parts manufacturers?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I am happy to say that the position of the Canadian auto parts manufacturers is improving daily, but this subject was not discussed at our conference.

Mr. Nesbitt: I have a supplementary question, Mr. Speaker. Was the minister successful in infusing a better sense of public responsibility toward Canada into the attitude of the Chrysler Corporation during this meeting?

Mr. A. D. Hales (Wellington South): Mr. Speaker, I have a supplementary question. In view of the fact that the Canada-U.S. car treaty was implemented to improve Canada's balance of trade, and in view of the answer given to a question asked by the hon. member for Wellington-Huron in which it is stated that the imports of United States cars into Canada from January 1, 1965 to November 31, 1965, exceeded our exports to the extent of $27.2 million, can the minister indicate what steps he intends to take to improve this situation?

Mr. Drury: Mr. Speaker, there is a resolution on the order paper calling for a debate on this whole question, which I hope we will be able to begin in an orderly way in the not too distant future. At that time I will be glad to give detailed answers to the hon. members' questions.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

MONTREAL—POSSIBLE DELAY IN CONSTRUCTION OF BUILDING

On the orders of the day:

Hon. Théogène Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

Would the Prime Minister tell the house whether the C.B.C. building in Montreal is among the constructions which are being postponed as a result of the austerity program declared last night by the Minister of Finance?

[*English*]

Mr. Speaker: Order, please. I doubt whether this question should be asked at this time, and I suggest that the hon. member place it on the order paper or discuss it on the adjournment motion.

CANADIAN CENTENNIAL

REQUEST FOR SUPPLEMENTARY GRANTS TO COMPLETE PROVINCIAL PROJECTS

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Prime Minister. Will the government give consideration to the provision of supplementary centennial grants to the provinces to compensate for the increased building costs now being encountered in completing centennial projects; and I refer to projects such as the auditorium at Saskatoon?

Mr. Speaker: Order. This question should be placed on the order paper.

Mr. Nasserden: May I ask a supplementary question of the Minister of Trade and Commerce. Has the government allowed or provided for supplementary expenditures in connection with the increased costs arising out of Expo '67, our centennial exhibition, at Montreal?

Mr. Speaker: Perhaps the supplementary question should be considered in the same light as the original question, and both might be placed on the order paper.

HATE LITERATURE

INQUIRY AS TO COMMISSION REPORT

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I wish to address my question to the Prime Minister. On Monday, March 21 I

asked him a question which I drew to his attention again on Wednesday, March 23, one week ago, with regard to the report of the Maxwell Cohen committee relating to possible amendments to the Criminal Code with respect to hate literature. Last Wednesday the right hon. gentleman said he would answer the next day or the day after. Could he give us the answer now?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I apologize to my hon. friend. I should have told him the day after that the report is now ready and printed in English. It will be printed in French tomorrow, I think, March 31, and we hope to be able to table it at the beginning of next week.

HOUSE OF COMMONS

CORRECTION OF STATEMENT BY GOVERNMENT HOUSE LEADER

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the government house leader, who unfortunately is absent. However, I think I should record this question because it is of some urgency. Yesterday the house leader gave us a reference to January 12, 1881 when he said that Sir John A. Macdonald used the procedure the house leader was attempting to use yesterday. I have just now checked *Hansard* of that date, and there is no such motion made by Sir John A. Macdonald.

PROTECTIVE STAFF—REPORTED UNSATISFACTORY ACCOMMODATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, knowing the compassionate nature of the Parliamentary Secretary to the Minister of National Health and Welfare, I am going to appeal to her to remedy a deplorable situation. My question is based on the fact that some 70 members of our protective staff are required to eat, rest, dress and undress in two locker rooms, which are cockroach infested and contain a little over 1500 feet of space. These rooms are without windows and the ventilation has to come from the basement. This intolerable situation has been worsened recently by an order from their chief that the door must remain closed for certain aesthetic reasons.

Mr. Speaker: Order, please. I am sure the parliamentary secretary will be pleased to look into the matter.

[Mr. Lewis.]

ADMINISTRATION OF JUSTICE

QUESTIONING OF DRAFT DODGERS IN CANADA BY F.B.I.

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I do not know whether the Prime Minister is in a position to answer this question, but since it covers two departments I direct it to him. Have any arrangements been made with the United States of America whereby agents of the federal bureau of investigation of the United States may enter Canadian homes for the purpose of questioning alleged draft dodgers without the presence of the Royal Canadian Mounted Police or the consent of that body?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I know of no such arrangements. I will be glad to check into the matter and confirm that answer.

BUSINESS OF THE HOUSE

REQUEST FOR REPLY TO QUESTION ON ORDER PAPER

On the orders of the day:

Mr. Erik Nielsen (Yukon): May I direct the attention of the Minister of Justice to page 3257 of *Hansard* for last Monday, where he is reported as saying he would be tabling an answer to question No. 577 on that day or yesterday.

Hon. Lucien Cardin (Minister of Justice): I would have been ready to answer the question during the debate. Unfortunately the debate was interrupted. Last Monday I was ready to have the question answered, and as a matter of fact I referred it to the Secretary of State. It should have been answered today.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Robert C. Coates (Cumberland): I should like to ask the Prime Minister if the government intends to initiate any programs that will offset the effects of the budget on the economy of the Atlantic area?

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—INQUIRY AS TO COMPLETION DATE

On the orders of the day:

Mr. David MacDonald (Prince): I have a question for the Minister of Public Works, but since he is not here I will direct it to the Prime Minister. In view of the fact that the

Minister of Finance, in his budget statement last night, suggested there will be a readjustment of the timetable for the construction of the Northumberland causeway, and in view of the fact that the Minister of Public Works said in the house about three or four weeks ago there would be no delay in the construction of the causeway, what new date is now envisaged for the completion of this project?

Right Hon. L. B. Pearson (Prime Minister): This government which initiated the causeway will certainly bring it to completion. The statement the minister made in his budget is designed to maximize employment during the winter season.

LABOUR CONDITIONS

DESIGNATED AREAS—REQUEST FOR EXTENSION OF INCENTIVE PERIOD

On the orders of the day:

Hon. Hugh John Flemming (Victoria-Carleton): My question is for the Prime Minister. Will the Prime Minister consider the advisability of extending the expiry date of legislation with respect to incentive grants and tax holidays for industries established in designated areas?

Right Hon. L. B. Pearson (Prime Minister): I should like to look into that question.

TELEVISION

REQUEST FOR REMOVAL OF FREEZE ON APPLICATIONS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Since the Secretary of State is in such an agreeable mood today, I wonder if I could ask her when it is the intention of the government to remove the freeze on television applications.

Hon. Judy V. LaMarsh (Secretary of State): In the fullness of time, Mr. Speaker.

AIRPORTS

VANCOUVER—INQUIRY AS TO CONTINUATION OF CONSTRUCTION

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): I should like to ask the Minister of Transport if he can inform the house whether construction at the Vancouver international airport will continue or will be cut back in accordance with the plans announced last night.

Hon. J. W. Pickersgill (Minister of Transport): It is expected to proceed in an orderly way with the construction of the terminal at Vancouver.

Inquiries of the Ministry

COMMONWEALTH RELATIONS

CANADIAN DELEGATION TO CONFERENCE ON TRAINING OF TECHNICIANS

On the orders of the day:

Mr. Robert Stanbury (York-Scarborough): On March 17 I addressed a question to the Minister of Citizenship and Immigration about the appointment of representatives from his department's technical and vocational training branch to the Canadian delegation to the forthcoming commonwealth conference on the education and training of technicians. His reply was that a decision had not yet been made. I believe the composition of this delegation and the inclusion of representatives from the technical and vocational training branch is still an urgent matter. I should like to ask the minister if he is yet able to advise the house of his decision on this matter.

Hon. Jean Marchand (Minister of Citizenship and Immigration): There will be one representative of the department at the commonwealth conference on training.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

MONTREAL—POSSIBLE DELAY IN CONSTRUCTION OF BUILDING

On the orders of the day:

Hon. Théogène Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I rise on a question of privilege.

A few minutes ago I directed a question to the right hon. Prime Minister with regard to the construction of a C.B.C. building in Montreal. My question was ruled out of order while a similar question put by my colleague from Vancouver regarding the Vancouver harbour was ruled in order.

Mr. Speaker: I think that the point raised by the hon. member is certainly valid and I shall allow him to put his question now.

Mr. Ricard: Thank you, Mr. Speaker.

I should like to ask the right hon. Prime Minister if the construction project of a C.B.C building, in Montreal, is among the 10 per cent which have been postponed as a result of the austerity program declared last night by the Minister of Finance (Mr. Sharp).

[*English*]

Right Hon. L. B. Pearson (Prime Minister): It is the government's intention to proceed with this building in an orderly way.

Inquiries of the Ministry

[*Later:*]

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, with reference to the earlier questions about the C.B.C. building in Montreal and Vancouver international airport, I wonder whether the Prime Minister or the Minister of Transport could say whether they are going to proceed at half speed, three quarter speed or full speed with these two projects. What does "orderly" mean?

BANK ACT

INQUIRY AS TO INTRODUCTION OF AMENDING LEGISLATION

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): In the absence of the Minister of Finance may I direct this question to the Prime Minister, since I am sure it relates to a decision of council. In view of the fact that the Minister of Finance indicated he would be putting the motion on the order paper with regard to the revision of the Bank Act after he had delivered his budget speech, is the Prime Minister in a position to indicate when we may see that motion as well as the revised terms of the Bank Act?

Right Hon. L. B. Pearson (Prime Minister): I hope that resolution will be on the order paper before long. I cannot give any assurance when we will reach the discussion of the resolution or the bill based upon it. This will depend on the progress we make with other matters.

FREIGHT RATES

LUMBER—APPLICATION FOR INCREASE ON SHIPMENTS FROM NORTHWESTERN ONTARIO

On the orders of the day:

Mr. R. K. Andras (Port Arthur): I have a question for the Minister of Transport. In view of the fact that some six months ago the Board of Transport Commissioners deferred for a period of six months their ruling on granting permission to the railways to increase freight rates on lumber shipments from northwestern Ontario to eastern Canada, and in view of the fact such a decision is imminent and will be important to the economy of northwestern Ontario, can the minister tell us where this matter stands now?

Hon. J. W. Pickersgill (Minister of Transport): I had inquiries made quite recently about the matter, and I think a decision can be expected very shortly. However, I shall try to advise the hon. gentleman in more detail later.

[Mr. Pearson.]

TRADE

COPPER—APPLICATIONS FOR EXPORT OF NEWFOUNDLAND CONCENTRATES

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce. I regret not having given him notice of the question, but I am sure he has all the information at his finger tips. Due to the world shortage of copper, and restrictions on exports, can the minister advise whether any requests have been received for export permits for Newfoundland produced copper concentrates?

Hon. Robert Winters (Minister of Trade and Commerce): Not to my knowledge, Mr. Speaker.

NATIONAL DEFENCE

PURCHASE BY U.S. OF F-5 FIGHTER PLANE

On the orders of the day:

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I have a question for the Minister of National Defence. Is the report true that the United States government has reversed its stand and will buy the Northrop F-5 fighter?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, there have been press reports to indicate that this may happen, but this is a decision which would be for the United States.

Mr. Speaker: Order, please. The Chair has some reservations about the question that has been asked. The hon. member asked whether the report was true. It cannot be a question of urgency, certainly, in the way it was asked.

[*Translation*]

CANADIAN CENTENNIAL

POSSIBLE DELAY IN CONSTRUCTION OF CULTURAL CENTRES

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to direct a question to the Secretary of State.

Could she tell the house, with regard to the budget presented last night, whether the construction of our cultural centres in order to celebrate the Centennial of Confederation, will be postponed?

Hon. Judy V. LaMarsh (Secretary of State): No, Mr. Speaker.

[*English*]

CANADA ASSISTANCE PLAN

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the concern being felt and expressed by old age pensioners following last night's budget, can the Prime Minister be any more precise as to when government legislation respecting pensions will be on the order paper?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I expect that the resolution with regard to the Canada Assistance Plan will be on the order paper early next week.

AGRICULTURE

NOVA SCOTIA—JET PLANES ENDANGERING RAISING OF MINK

On the orders of the day:

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): Mr. Speaker, I have a question for the Minister of National Defence. I would ask the minister whether he has received any protests from western Nova Scotia re jet planes, reputedly from bases in Maine, breaking the sound barrier over Digby and Yarmouth counties where mink raising is an important industry, and where the ranch developing the world famous jet black mink is situated? If so, has he or have any of his colleagues in the cabinet been able to make arrangements so that during the early days of April, when the mink kittens are being born, the sonic booms will be avoided? The mink, a very nervous animal at any time, is particularly so at the birthing period and disturbances such as sonic booms can cause the mothers to eat their young.

Mr. Speaker: Order. The hon. member has made his representations, which I trust will be taken into account by the minister responsible.

JUDGES ACT

AMENDMENTS TO PROVIDE FOR ADDITIONAL JUDGES

Hon. Lucien Cardin (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Judges Act to provide salaries for two additional judges of the Supreme Court of Ontario, three additional judges of the Superior Court of Quebec, one additional judge of the Supreme

Court of New Brunswick, one additional judge of the County Court of Ontario, and one additional judge of the District Court of Alberta.

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

Mr. Cardin: Mr. Chairman, this resolution is preliminary to authorizing the provision of salaries for eight additional judges in the provinces of Ontario, Quebec, New Brunswick and Alberta pursuant to requests received from the authorities of the provinces concerned.

Mr. Bell (Carleton): Mr. Chairman, may I ask the minister whether the appropriate legislation has been passed by each of the provinces concerned?

Mr. Cardin: Yes, Mr. Chairman, the judicature legislation has been passed by all of the provinces except Quebec and I understand that Quebec will pass the legislation during the course of this week.

Mr. Bell (Carleton): All except Quebec have in fact enacted the legislation?

Mr. Cardin: That is correct.

Mr. Fairweather: Mr. Chairman, I happen to know about the situation in New Brunswick where another judge is urgently required. I have been a member of this house now for just four years and each year we seem to make amendments to the Judges Act in a rather piecemeal fashion in order to add judges to various jurisdictions. Never in my memory have we considered the fundamental problem raised by the provision of extra judges.

I have a question on the order paper which deals with the number of judges who have been involved in various boards and commissions. I am thinking now mainly of provincial boards, but such boards are also appointed in the federal domain.

I am also wondering what steps are being taken by the government to do something about the salaries of judges. I realize that the Minister of Justice and the President of the Privy Council have had what has been said to be a very worthwhile meeting—I do not know whether you would call it a meeting with a trade union on the grand scale but let me refer to it as an association of judges—as a result of which certain changes were recommended in salaries, retirement benefits, income tax and so on.

I think it is also time that we as a parliament faced the problem of judges who retire

and then return to practice. I know my hon. colleague from Carleton has a resolution on the order paper about this question. I do not think I am being partisan when I say that many members of the profession deplore the fact that retired judges do return to practice before, in many instances, the very courts of which they were members.

I think this is a situation which must be faced up to by the government and the department. Now that judges' retirement benefits are more in line with those of the rest of the community, I personally deplore the fact that any retired judge should go back to private practice. I think this is a very delicate problem involving ethics and one which judges should not have to face. It is also one which the legal profession should not have to consider either.

I want to change the subject for a minute and recall to the committee the case of the present Lieutenant Governor of New Brunswick, who was a distinguished premier of that province. He became Chief Justice of the province, and on the day he became 75 he retired and had to drop his title, becoming plain "Mr." again until such time as the government saw fit to honour him by making him Lieutenant Governor of the province.

• (3:30 p.m.)

I think that retired judges should carry the title "honourable" for the end of their days. I also think that retired judges should not plead before any court in Canada. If that means that we have to raise the retirement annuities, then this country should face this fact. I think it is time that we faced the matter of judges' salaries, privileges and so on. Each time some of us have spoken about this we have been told, "Oh, well, they need a judge in New Brunswick, and one in Alberta. Perhaps next year this can be considered." I think what I raise ought to be considered now. I should like to see a fundamental revision of the Judges Act. If it were provided that judges should carry their full emoluments until death I would be in favour of that. Let us make some fundamental decision with respect to our judiciary so that they can carry their duties with the dignity they ought to be endowed with. Judges are part of the process of government.

In spite of sniping attacks made occasionally against judges I think we in Canada can be very proud of the fact that our judiciary is of a very high standard. I think we have an obligation to continue that high standard by making such that for such things as salaries and other emoluments, titles and so on, judges do not have to attend upon the minister with submissions.

Mr. Prittie: Mr. Chairman, I am sure that the house will give ready agreement to this resolution, and to the bill which will follow concerning the appointment of additional judges. They are undoubtedly required. As the volume of business in this country grows and as the population grows more and more cases are heard in court, and certainly we do need more judges. In addition to judges who sit in court there are those who are employed on royal commissions and judicial inquiries of various kinds which adds to the requirement for people on the bench.

I do not know if what I am about to say will be considered by the hon. member for Royal as a sniping attack on the judiciary but I intend to make reference to the judiciary of this country. I imagine that the men who will be appointed to the bench following the passage of the bill to come before the house will be appointed in the usual fashion. They will be supporters of the government in power and there is very little likelihood that anybody else but such supporters will be appointed.

An hon. Member: Oh, oh.

Mr. Prittie: I think I hear a joker among hon. members across the way. What I have referred to constitutes a very real problem in Canada. This is not to say that we have not had excellent judges in this country as a result of this system of appointment. We have had good judges. However, recent events, and I do not mean in the last few months but in the last three or four years, have provided evidence that persons not fitted to be appointed have been appointed to the bench. This is not a problem simply because I bring it up. It has been faced by a number of the provincial bar associations and I am surprised that the hon. member for Royal has not said something about that.

The hon. member for Royal has had a good deal of legal experience. He is something of a reforming Tory, and I thought he might have turned his attention to the particular problem of judicial appointment. I say that the principle of appointments under the present system is entirely wrong. The principle that only supporters of the government will be appointed to the bench is wrong. I know I shall probably hear somebody say, "You are just jealous." Personally I am not jealous. I am not eligible for such an appointment in any

event. What I do say is that the present practice in Canada results in many intelligent persons who are supporters of other political parties than that of the government in power being precluded from these appointments.

The men who are to fill these judicial appointments should be of the very highest calibre. They are men who will deal with the lives of people, with important questions of property and with large amounts of money. We ought to do everything we possibly can to get the very best lawyers in this country when these appointments are made.

If anybody thinks that my remarks constitute severe criticism of the present system, let me point out some other criticisms which have been made in this connection. I should like to refer to an article which appeared in the Toronto *Globe and Mail* on May 19 of last year. The article is headed: "Professor Assails System of 'Party Hacks' Naming Judges". The dateline is Calgary and the article reads as follows:

> Judicial appointments in Canada are a national disgrace because crass poltical patronage prevails over merit and ability, a University of Alberta law professor said here yesterday.
>
> In a scathing attack on Canada's system of appointing judges of the superior, district and county courts, Professor William H. Angus of Edmonton declared that persons of political persuasions other than that of the party in power, as well as independents who do not actively engage in politics, are almost automatically eliminated.
>
> Because the federal government makes the appointment, it is compelled to rely on the advice of the party organization in the province, he said.
>
> "As a consequence, party hacks are in a position to exert the strongest influence when an opening on the bench appears. The result is a truly disgusting performance of influence peddling, furtive lobbying and political machination of the lowest order as the carpetbaggers vie for favor."

The article continues:

> Canadians, he said, generally look down on election of judges—as is done in some parts of the United States—as carrying democracy too far. But seldom do we stop to consider that Canadian judges are very often candidates who have been rejected by the electorate."
>
> The gravest deficiency of the Canadian method of appointing judges is its harmful effect on the administration of justice. "Today in Canada it is not an exaggeration to say that the proper administration of justice is threatened by judicial mediocracy and incompetence."

Others than Professor Angus have pointed out this problem. A number of bar associations have also pointed it out, and I am sorry that I do not have their resolutions in front of me. It seems to me that recently the Bar Association of Ontario made some useful suggestions in this connection. I believe the bar association resolutions are all of a similar type. They suggest that the government consult a committee of the bar association of the particular province in which the appointment is to be made and select from nominees of the association in the making of appointments to the bench. This is not to say that persons who are supporters of the government in power should not be considered; certainly they should be. Some of the best people in this country are engaged in politics. I have to say that because I am surrounded by them.

One thing is true. We have to look beyond the rather narrow field of supporters of the political party in power for appointments to the bench. As I have said, events in this country during the last few years do raise questions about the efficacy of our method of appointing members to the bench.

I realize that the government is not going to abandon the old system simply because I have said a few words on this subject. Many people in the past have spoken about it. Starting in 1963, some four years ago, there was a great deal of talk about the new politics. The new politics have never been defined. Appointments to the bench, as one of my colleagues has said, have not shown any evidence of the new type of politics. But let us hope that we can get to the point where appointments to the bench and to other bodies of a judicial or administrative nature will be based upon competence. Let us get away from the old Canadian way of simply doing it on a political basis.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I want to say, in a few words, that the resolution now before the house will be quite welcome in the province of Quebec. Indeed, I understand that its purpose is the appointment of an additional judge, in the Montreal district, who will specialize in bankruptcy cases.

I suggest that this initiative will be highly commended by the Montreal lawyers, because of the numerous technical problems involved in this practice. It is desirable that we have judges who specialize in such a field, in view of technical difficulties which may arise, sometimes in a very special way.

I also want to say a few words about the appointment of an additional judge in the judicial district of Trois-Rivières. According to recent statistics, the number of cases heard from 1961-62 to 1964-65 increased by more than 20 per cent, while the number of judges decreased from three to two. This legislation

will bring back the necessary balance in the judicial district of Trois-Rivières, and the general public will be most pleased with this measure, for there has been a considerable delay in the hearing of civil cases in the last few years.

I wish to congratulate the Minister of Justice (Mr. Cardin) for this initiative which will be well received by the people in the judicial district of Trois-Rivières, and will give them justice.

• (3:40 p.m.)

[*English*]

Mr. Lambert: There is one minor question I should like to direct to the Minister of Justice. The resolution refers to the appointment of one additional judge to the district court of Alberta. I find some difficulty in identifying that jurisdiction precisely. It had been my belief that so far as the province of Alberta is concerned the district court was composed of two judicial districts, one for northern Alberta and one for southern Alberta, that appointment to one of these two district courts was exclusive of the other and that an appointment to the District Court of Southern Alberta had no application whatsoever to the District Court of Northern Alberta.

I do not wish to appear niggling, but if my thinking is correct the resolution would need to be more specific concerning whether it is dealing with southern or northern Alberta.

Mr. Cardin: Perhaps I can answer that question quickly. The additional judge is for the district of northern Alberta and in particular for the city of Edmonton.

Mr. Lambert: The appointment is to the whole of northern Alberta; there is no particular locality. I thank the minister for his information.

[*Translation*]

Mr. Asselin (Charlevoix): Mr. Chairman, I would like to say just a few words about the resolution now under consideration.

Needless to say that this resolution will be welcomed by the bar of the province of Quebec, but I wish to point out to the minister that there is still a shortage of judges in the district of Quebec.

In fact, in the judicial district of Saguenay, where I practise, as in the district of Haute-Rive, there are about 800 or 900 civil cases pending and that is a source of great prejudice to ordinary men.

There are automobile accident cases which date back four years. They have been on the docket for that length of time and, in the interval, witnesses often disappear. Consequently, when those witnesses cannot be heard, the parties are compelled to arrive at a settlement because the witnesses are dead.

Mr. Chairman, I am of the opinion that because the number of judges is too small in the district of Quebec, great prejudice is done to our taxpayers, and I would call the minister's attention to that point.

I am also of the opinion that the minister should study the advisability of lightening the docket, in order to help our people. In my opinion, he should appoint three new judges in the region of Quebec, which would greatly help to solve our problems.

Mr. Chairman, it has too often been said in this house that the political appointment of our judges in the superior courts or courts of appeal was questionable. As a member of the bar, I wish to protest against that tendency to let the people think that the political appointment of judges is not a good thing.

In my humble opinion, and by experience, when judges are appointed to the superior court or to the court of appeal, in short, to any court, they retain, I am happy to say, that feeling of impartiality about the ordinary man. Just because a man is appointed by a Liberal government or a Conservative government or any other, it does not mean that he does not assume his responsibilities when he becomes a judge.

I once heard a member of the house say that the method of appointing judges should be changed, because the present method is unreliable. I challenge that position and more especially, I protest against leaving the public with the impression that the appointment of a new judge is often unsatisfactory.

I think our governments appoint judges mainly because of the appointee's experience and legal knowledge. I also believe that in addition to that knowledge, a judge must equally be aware of the problems facing our taxpayers. He must have been in touch with the people and, in my opinion, a former member of parliament and government member surely has greater competence, because in addition to his awareness of the people's problems, he knows the problems of the parties involved, which would prove useful to him when called upon to administer justice.

I am not suggesting that the government should not intervene when certain judges behave in a manner derogatory to their

profession or their status. But nevertheless, I do want to point out that if we were always to select judges outside the political field, our appointments would not necessarily be excellent, because besides being a theorician, a judge must also be a practitioner and know at first hand the problems of the people.

I also wish to point out to the minister that he might consider the possibility of changing the method of removing a judge from office.

At the present time, the act provides that, to dismiss a judge, a petition has to be approved unanimously by both houses, that is, the House of Commons and the Senate. Now, such a procedure is extremely difficult and complicated. I do not think it has been used very often in the political history of our country. As a matter of fact, if I am not mistaken, it was only used once.

Therefore, I would ask the minister to consider the possibility of amending the removal procedure, because the government is sometimes faced with a grave problem when a judge repeatedly commits acts that are not in keeping with his functions. In such a case, the government must submit a petition to both houses, in order to dismiss the judge. I should like to see the act amended so that the bar of a province could present to the governor in council a petition, signed by the majority of its members, for the removal of a judge who had committed acts not in keeping with his functions and so that the governor in council could be empowered to deal with such a petition.

I would like it to be possible for the governor in council to be called upon, once a serious inquiry has been made with the Bar of each province, to issue an order in council to remove the judge concerned from office.

Mr. Chairman, that resolution is well looked upon and will be welcomed by the Bar of the province of Quebec. I would like the minister to take into account my remarks about the appointment of judges to our various courts.

[*English*]

Mr. Brand: Mr. Chairman, I want to make a few remarks with regard to this resolution. In so doing it seems to me I shall disagree with my hon. friend from Charlevoix and agree with the hon. member for Burnaby-Richmond. I have spoken to many members of the bar across Canada and particularly in my province and many of them have expressed to me a desire to see something done about appointing judges on the basis of merit rather than on the basis of political allegiance. They feel, and I believe honestly, that this would not interfere with those active in politics because naturally the good ones would be appointed anyway, and it was never intended by members of the bar to suggest that there was anything radically wrong with the judges we have today. We have many fine ones, but those of us who are not members of the legal profession look very strangely on a system by which appointments are not made on the basis of merit. I feel it may be a good idea, even though it would be closing the stable door after the horse is stolen, as suggested by my colleague from Charlevoix, to make it easier to remove a bad judge if one should come along. This deserves some thought on the part of the minister.

• (3:50 p.m.)

I may say I am expressing some of the views expressed to me by members of the legal profession who thought it better that they should be uttered by someone not in that profession and who could not be appointed to the bench in this manner. I hope the Minister of Justice will give consideration to the many resolutions that have been passed by bar associations and others regarding what I believe to be a very important matter.

[*Translation*]

Mr. Laflamme: Mr. Chairman, I just want to add a few words. I am quite willing to admit the principle. Besides, I think that is the one we have always been looking for. In fact, the competence of the candidate for the judiciary must be considered rather than his affiliation to any political party.

However, while I admit that principle, I would hesitate, just like the Minister of Justice (Mr. Cardin), to apply it fully. I would not like it if, by acting in such a way, it could be said that anyone who has been very active in politics has become incapable or incompetent and cannot be a serious or objective judge.

I think that, for many years, generally speaking, not many mistakes have been made as a whole in the choice of judges but I want to point out here that the Bar of the province of Quebec, for one, has been asking for a long time to be consulted when it comes to appointing judges. I think that the general council of the Bar, in Quebec as well as in Ontario and the other provinces, feels that it

has a general idea not only of the competence, but also of the ability of the candidates to do the work well.

It has often been said, and the hon. member for Charlevoix (Mr. Asselin) mentioned it a little earlier, that in several judicial districts of the province the calendar is several years behind.

I wish to point out the number of judges coming under the exclusive provincial jurisdiction. I should like particular attention to be given to this problem, in order to avoid the almost continuous appointment of judges to royal commissions, which relieves them of the obligation to hear and judge cases, so that during periods of six months, a year, or even several years, a judge cannot sit and perform the duties to which he was appointed. These are the comments I wished to make.

I also wish to add that, on the whole, the public has a great respect for the judiciary, and I respectfully submit that the recently created superior council of the Judiciary, without usurping any authority, could be very helpful to the hon. Minister of Justice in choosing candidates who will have the extremely serious and important task of handing down justice.

[English]

Mr. Scott (Danforth): Mr. Chairman, I want to say a few words in support of the position taken by my colleague from Burnaby-Richmond and by other members in all parties. I had thought the minister might have risen and responded to the pleas of hon. members. What we are doing is trying to raise a problem which has given a great deal of concern to members of the bar in all parties and in all provinces, and I believe we can do so without casting aspersions in any way on the persons who are now part of the judiciary.

As the minister knows, the whole method of appointing judges, though it does produce excellent members of the judiciary, has always seemed to put them on the bench under a cloud because the method of appointment is such that it is easily open to the criticism of political partisanship. Even though we do manage to choose excellent people to put on the bench, by following this procedure we start them out under a cloud of political partisanship. That to me seems unfair because I am sure the objective of the Minister of Justice and of all hon. members is to get the highest possible calibre of people on the bench and to divorce them as much as possible from any suggestion of partisanship so that their reputation for impartiality will be unchallenged.

I hope the minister will realize we are quite serious about this problem. He might indicate to us before passage of this bill whether or not his tenure as Minister of Justice will be marked by a departure from the old system and the introduction of another method which will meet those fears respecting a cloud surrounding the judiciary because of the method of appointment.

As the minister knows, the Canadian Bar Association has passed resolutions on two or three occasions recommending that appointments to the bench be made on the basis of merit only without any political consideration being involved. This started as far back as 1949 when the annual meeting of the association in Banff suggested to the then minister of justice that the government consult with a committee to consist of the chief justice of the province, the chief justice of the trial division and representatives of the benchers of the law society in the province before making any appointment to the bench of that province.

In 1965 the *Canadian Bar Journal* carried an editorial suggesting the appointment of an independant body to which the minister might refer in connection with judicial appointments. Of course, such a committe could not dictate to the minister. No one would suggest that, but some consultation should take place.

In 1965 the Canadian Law Teachers Association undertook as one of their principal concerns a study of the whole question of the administration of justice with particular reference to the appointment of judges. My colleague from Burnaby-Richmond has already mentioned an article by Professor Angus, which was framed in pretty colourful language but which raised serious concern on all sides and, of course, those great organs of journalistic authenticity, the Toronto *Star* and the Toronto *Telegram*, have carried numerous articles and editorials dealing with the problem.

• (4:00 p.m.)

I suggest to the minister that he devise a formula whereby in each province a committee can be established, composed of the vice president of the bar association, the treasurer and some other member of the law society, the chief justice of the province and the chief justice of the trial division of the Supreme Court of the province, and that the minister

might consult with such a committee in private and in confidence about appointments. After the appointments were made the committee could then comment favourably upon them. It seems to me that the advantage in such an arrangement would be the general knowledge in the profession that consultation was taking place and that appointments were being made without regard to political affiliation. In addition, of course, it would relieve the minister of press criticism with regard to the political aspect and also the result sometimes obtained in that appointees turn out to be somewhat less than the ultimate in the carrying out of their duties.

It seems to me that this is something which can be handled in a purely non-political way. All of us have the same objective, to surround the bench with the greatest possible degree of protection and independence. A real contribution could be made by the Minister of Justice during his term of office by departing from the old way and bringing in this new method of appointing people to the bench. I think this would be a great step forward. It would be a tremendous credit to the minister and it woud be a real memento of his term as Minister of Justice.

[*Translation*]

Mr. Forest: Mr. Chairman, I shall not take long, because I do not want to delay unduly the passing of this resolution. As already mentioned, the appointment of three new judges to the superior court of the province of Quebec will certainly be most welcome, first of all by the bar, and especially by the people who, for several years now, have been asking that the number of judges of the Quebec superior court be increased. The number of judges has certainly not grown, in the last few years, in keeping with the increase of population.

In rural districts, especially, the situation has been abnormal; indeed, when two and even two and a half years elapse before a case is heard, it can rightly be said that justice is being denied, and this does not encourage the population to respect the administration of justice in the land.

I remember how, in 1963, I had the opportunity to congratulate the then minister of justice who had attended to the appointment of another judge in the St. François de Bedford district. I wish to point out to the present Minister of Justice (Mr. Cardin) that, since we have appointed another judge, delays before bringing a case before a court, formerly from two to two and a half years, were reduced to less than a year. The appointment of one additional judge made that much of an improvement.

The main cause for those delays was a shortage of judges in the province of Quebec. I know that the number of judges and their districts, are based on the province of Quebec, by virtue of the constitution, and that they are appointed and remunerated by the federal government.

I trust that the Minister of Justice will urge his colleagues in the province of Quebec to request a greater number of judges for their province.

Mr. Chairman, we have discussed the appointment of judges. For my part, I wish to congratulate both the present Minister of Justice and his predecessor for the appointments in the province of Quebec. I have heard only praise from the legal profession as to the appointments made by the present Minister of Justice and his predecessor. They were experienced lawyers, respected and trusted by the legal profession, their colleagues and the general public. If such appointments continue to be made, I think there will be no basis for the fears expressed earlier by the hon. members.

I only wish to bring to the attention of the hon. Minister of Justice that the salaries of judges were last increased in 1963. To attract competent lawyers who will be a credit to the high calling of presiding over our courts, the salary will definitely have to be raised so as to entice the best lawyers to leave their private practice and to sit on the brench as a service to society.

I would also ask the Minister of Justice to look after the amendment of the Judges Act so as to improve the pensions for the widows and children of deceased judges.

Mr. Chairman, these are the only comments I wish to make at this stage.

[*English*]

Mr. Bell (Carleton): I regret exceedingly, Mr. Chairman, that the hon. member for Burnaby-Richmond has seen fit to put on record in the house an article by Professor Angus which I venture to suggest constitutes a reflection upon the whole judiciary of Canada. I say to you, sir, that this article is so irresponsible and immoderate in its tone that it really deserves no answer. However, I wish to put to the committee that it is totally devoid of reality. The article suggests that judicial appointments in Canada are a national disgrace. I say that the very contrary is the

truth. Judicial appointments in Canada are a credit to our nation. Any professor who seeks to denigrate the judiciary of this nation is doing a grave national disservice.

I say to you, sir, that the independence, the impartiality, and the ability of the judiciary of this nation compare exceedingly favourably with the judiciary of any other nation. I know of no other place in the world where you will find a better judiciary than we have here in Canada. When that article speaks about the harmful effect upon the administration of justice, I assert there is not one tittle of evidence that there are any harmful effects upon the administration of justice. That is totally irresponsible conduct on the part of this professor and I regret that the hon. gentleman has given some respectability to his statement by putting it on the records of the house.

I want to add that I never have believed a man should be disqualified from any office because he engages in public service, and I say there is no higher degree of public service than service to a political party because service to a political party is the bedrock of our democracy. If you do not have people of ability who are prepared to serve in our political parties and give a spirit of enthusiasm to political parties, then we will not have democracy in this country.

I think the last thing in the world we should have is the elimination from appointment to the bench of men and women who have sought to give public service through our political parties. At many bar conventions I have engaged in discussion concerning what might be done to improve the technique of appointment. I believe successive ministers of justice have tried very earnestly to make their appointments on the most conscientous basis possible. Undoubtedly the occasional mistake is made. But I submit there are fewer mistakes made in the appointment of the judiciary of this nation than are made in the election of members to this House of Commons or in appointments to a lot of other places.

I wish to express my full disapproval of the outrageous reflection upon the judiciary of Canada by this professor.

Mr. Leboe: I rise, Mr. Chairman, for only a moment to take part in the discussion this afternoon. First, may I say that I am in full support of the position taken by members who have spoken in support of keeping appointments to the judiciary outside of politics.

[Mr. Bell (Carleton).]

I take exception to the statement made a moment ago by the hon. member for Carleton to the effect that this would mean that people known to have political leanings would be denied appointment to the judiciary. This is not the case and that was not the suggestion. The suggestion is that judges, regardless of their political affiliation, be appointed on the basis of their capability and merit. On reflection I think the judges themselves would be the first to suggest to us that appointments be made outside of politics because once put on the bench appointees would be free of being accused of being a Liberal, a Conservative, a New Democratic Party supporter, a Social Crediter or what have you.

• (4:10 p.m.)

It is very important and essential that we give consideration to this point. I had intended to place a motion along these lines on the Order Paper as well as a similar motion in connection with the appointment of individuals to the Senate. When I learned I could only place one motion on the order paper at a time I decided to frame a motion with regard to Senate appointments and that motion still stands on the Order Paper.

I feel that the judiciary can be better served if appointments of judges are made in such a way that after their appointments they can be satisfied that their positions are completely independent, which is not the case when appointments are made on a political basis.

Mr. Byrne: Would the hon. member permit a question?

Mr. Leboe: Just one moment.

Mr. Bell (Carleton): That is not true.

Mr. Leboe: I am not a judge nor am I a lawyer. I will never be a judge because I have no intention of becoming a lawyer.

Some hon. Members: Hear, hear.

Mr. Leboe: The fact remains that on the basis of plain commonsense and logic the judiciary is going to be in a better position if appointments are made outside of politics. The hon. member for Carleton suggested that it was a good thing to be of service to a political party, and that is true. The undertone of his remarks might suggest that someone who has been of service in political circles would make a better judge. I do not believe that is true.

Mr. Byrne: Mr. Chairman, I wonder whether the hon. member would take the same position in respect of the appointment of directors to the boards of directors, of provincial banks?

Mr. Leboe: That is a completely different matter. The directors of provincial banks are chosen because of the interest they have in a particular bank. The situation is the same as in any other business and no comparison with the appointments now under discussion exists.

Mr. Bigg: Mr. Chairman, I believe that the proposition now before the committee should be accepted. There is tremendous backlog of cases in all our courts as a result of which injustices are caused by delays. With regard to the question of appointing extra judges to the bench I feel that the number proposed is the minimum requirement and that it should be doubled so that cases can be concluded and judgments delivered.

Having regard to the question of the advisability of making appointments outside of politics, I cannot understand what the argument is. We cannot operate in a vacuum. Every single corner of public life is affected by politics and I am one who likes to believe that politics attracts the highest type of public servant. I fail to see why an association with politics should disqualify any man from any position anywhere in Canada.

Mr. Leboe: Mr. Chairman, I should like to ask the hon. member when he heard anyone in this house suggest that because someone had belonged to a political party he should be disqualified for appointment as a judge?

Mr. Bigg: Mr. Chairman, if the hon. member thinks the hat fits he should wear it. I am trying to put forward an argument against any suggestion that the appointment of judges should be removed from politics. I do not understand how any decision of moment in Canada can be taken outside of politics. I think politics demands individuals of the highest character and ability from every segment of our population and in my opinion it is patently ridiculous to suggest that because a man sat for two weeks in the House of Commons he should be prevented from ever taking a position of authority on the bench.

If one took this suggestion to its logical conclusion I suppose it would mean that all individuals associated with politics would be unqualified for any civil service position or to be members of the R.C.M.P. or the armed forces. I should like to think that the experience gained by individuals as members of this house, the highest court in the land, if they had the other qualifications required, would help to qualify them even for the position of judge of the Supreme Court of Canada.

Mr. Pennell: Mr. Chairman, I am somewhat surprised that this small but not unimportant measure should arouse so much intellectual shot and shell in this chamber. However, I appreciate both the motive and the point of the hon. member for Burnaby-Richmond. At the same time I should add that I must support the proposition eloquently advanced by the hon. member for Carleton.

I respectfully point out that the standard of the judiciary in the United Kingdom is unsurpassed anywhere. There, the Lord Chancellor, who is the holder of a political office, from time immemorial has dealt with appointments to the courts. I respectfully direct the attention of the house to the fact that the Attorney General in the United Kingdom invariably succeeds to the office of Chief Justice if a vacancy occurs during his tenure of office as Attorney General. It is generally regarded in England that active participation in politics is beneficial to the qualities of a judge.

In conclusion let me say that during my 20 years at the bar I have never heard the slightest suggestion that the prior political activities of a judge in any way influenced his judgment. I say this at the same time recognizing the point made by the hon. member for Burnaby-Richmond. I respectfully commend this resolution to the committee.

Mr. McCleave: Mr. Chairman, may I direct a question to the Solicitor General? Is it not a fact that appointments to the bench in the United Kingdom by the Attorney General do cross party lines, which is something that does not happen in this country?

Mr. Pennell: In reply to the hon. member let me say that as I understand the situation appointments are made by the Lord Chancellor and frequently do cross party lines. Such appointments happen occasionally in this country, and I use the word "occasionally" candidly, but I would point out that the Lord Chancellor selects members of the House of Commons frequently in making these appointments.

Mr. Scott (Danforth): I should like to ask the Solicitor General whether it is true that

in England the Lord Chancellor, although he makes the appointments, does have a committee outside politics to advise him which he consults prior to making such appointments?

Mr. Pennell: I am not familiar with everything which leads the Lord Chancellor to a decision but I know he is unfettered in his discretion. Lord Hewart, the Lord Chief Justice, was actively engaged in the office of Attorney General when a vacancy occurred in Great Britain and he was acclaimed by members of the bar when he was elevated to the office of Chief Justice. The same was true of Lord Birkett who was a member of parliament when appointed to the high court. I point out that it is generally regarded in Great Britain that active participation in politics is beneficial to the quality of a judge.

Mr. Prittie: Mr. Chairman, it seems to me that a lot of straw men are being knocked down this afternoon. No one has said that judges are influenced by politics or make political decisions. We are complaining about the fact that at any one time judges in Canada are picked almost exclusively from one political party. No one suggests that their decisions are not impartial from a political point of view. Let us be clear about that. It appears to me that the hon. member for Carleton was rather selective in what he listened to because I said that many of the best people in this country have been involved in political life and should be considered for appointment. My suggestion was that we should consider them all and not exclusively those from a particular group. Let us consider many other people who have not been active in politics but who would make excellent appointments to the judiciary. I think some hon. members have misinterpreted the remarks I made this afternoon.

The hon. member for Carleton has taken exception to an article by Professor Angus to which I referred. On another occasion I will quote from a great many more articles on this subject, because his is not the only one that complains about the system of appointing judges in Canada. In fact, there is a whole bibliography on the subject. In presenting a bill on this subject I will cite some of those complaints.

• (4:20 p.m.)

Let us be clear about one or two other things. People who have taken part in political life should be eligible for appointment to the bench. When I said that in recent years there had been complaints made about the appointment of judges I was not referring just to newspaper stories we have read about the troubles some judges have got into. I am referring to the fact that there are judges who are much less competent than they should be. I say this as a result of speaking to a good many lawyers in the different political parties. I was rather shocked when I first heard a group of lawyers talking about some judges and saying that one should try to get a case on the list in such and such a court rather than have it heard by such and such a judge in another court. Here was a plain case of incompetence without regard to the person's political affiliation.

We should try to have the best lawyers appointed to the bench. From what I have heard from lawyers from the different provinces there are a great many people who are not capable of doing the kind of job they should be doing on the bench. They do not get into trouble but the fact is they are not the most able people in the profession. This is the point. We want the most able people in the profession appointed to the bench.

Mr. Scott (Danforth): I would not have participated in the debate again except for the intervention of the hon. member for Carleton. He, with his impassioned oratory, managed to shed a good deal more heat than light on the subject under discussion this afternoon. He has suggested that the position we are advancing is in some way an attack upon the judicial system. Nothing could be further from the truth.

Mr. Bell (Carleton): Would the hon. member permit me to say that I did not suggest anything that the hon. member for Burnaby-Richmond or the hon. member now speaking personally, said was an attack upon the judicial system. In my opinion, however, the article which was read into the record was a serious reflection upon the judiciary. I refer to the article by Professor Angus who suggested that the judicial appointments in this country were a national disgrace. I say it would be a grave national disservice to allow that article to appear on the record of this house without being challenged.

Mr. Scott (Danforth): Naturally I accept that correction and I am glad to have the position clarified. As I listened to the hon. member's speech I took the other interpretation from it which turned out to be a misinterpretation. Naturally we accept the hon. gentleman's word. However, he did make a suggestion which I feel should be corrected. He seemed to say that by taking the position we have this afternoon we are somehow

suggesting that people who have been active in politics should be disqualified or not be available for appointment to the bench. This is the reverse of what we are suggesting. The point we are trying to make is that the present system is in effect injurious to the judiciary in some ways because it starts judges out in their job with a cloud of political partisanship surrounding them. No one is saying we do not have good judges. No one is saying that people who have been active in politics should not be appointed to the bench. In fact, I am not even convinced that they should be lawyers. Someone has said that if we could make a lawyer into a Minister of Agriculture why could we not make a farmer into a judge or a Solicitor General?

Mr. Pennell: Agreed.

Mr. Scott (Danforth): All we are trying to say is that we all have the same objective, to have the strongest possible judiciary free from any connotation of political partisanship. It is more than coincidental that appointments to the bench, even though they may be good men, always happen to be supporters of the ruling party. All we are trying to suggest to the minister is that for once he take a courageous step and remove the judiciary from this cloud of partisanship. He should devise a system of appointments that will free judges once and for all from the cloud of political partisanship. This is in no way an attack upon judges themselves or upon the integrity or impartiality of those who are appointed to the bench. It is merely a suggestion that we get rid of the cloud that has always been attached to the judiciary in Canada and that we start judges out free and clear of any charge of political partisanship in connection with the method of their appointment.

Mr. Gilbert: Mr. Chairman, I am sure we have fully aired the problem with regard to the appointment of judges. I should like to direct the mind of the Minister of Justice to the problem of training judges. I was very happy to have the Solicitor General refer to England as an example of a country in which people of the highest calibre are appointed to the bench. In Canada since confederation we have never had any training of the members of the legal profession who have been elevated to the bench. You may rightly say that this does not happen in England either, but the situation is different in England. In that country the High Court of Justice is divided into different branches. We have the Queen's Bench Branch, Chancery, Probate Division, Admiralty and so forth. Each division deals with a different branch of the law. When a person is appointed he generally concentrates on that particular branch of the law.

In England we also do not have the county courts possessing jurisdiction over criminal matters. The civil courts there do not have the same wide jurisdiction that some of our civil courts have. A more important feature, Mr. Chairman, is the division between barrister and solicitor in England. It is only the barristers in that country who are eligible for appointment to the bench. In Canada 99 per cent of our lawyers are both barristers and solicitors. It would be fair to say that not more than 5 per cent of lawyers specialize in counsel work. Therein lies the big problem. When a person is appointed to the bench, in all probability he has been a solicitor and has had very little counsel work. He is not familiar with the law.

The question arises, just how do we train these men to assume their duties? It has been suggested that once a person is appointed to the bench he should, before he assumes his full duties, sit with a judge in a criminal court for a period of time and then he should sit with another judge in a civil court for an allotted time. The reason suggested for this is that he would become familiar with the different branches of the law. If he were to sit on a criminal case, a murder case, in the high court he would get the feeling of the procedure and the feeling of the law. If he were to shift to a civil court he would get experience in contracts, negligence law and so forth. If he were to do that for approximately six months, perhaps he could then take a short course conducted by the senior judges in the provinces with regard to particular branches of the law. In this way I think most of the difficulties that are present today would be overcome because many who are appointed have not had a broad experience in the field. I ask the Minister of Justice and the Solicitor General to give some thought to this aspect of the question of appointments.

Resolution reported and concurred in.

Mr. Cardin thereupon moved for leave to introduce Bill No. C-160, to amend the Judges Act.

Motion agreed to and bill read the first time.

Judges Act

● (4:30 p.m.)

Mr. Deputy Speaker: When shall the said bill be read the second time? By leave, now?

Some hon. Members: Agreed.

Mr. Cardin moved the second reading of the bill.

Mr. Reid Scott (Danforth): Mr. Speaker, I wonder whether the Minister of Justice (Mr. Cardin) is prepared to respond to the representations we have been making this afternoon regarding the setting up of some consultative machinery for the appointment of people to the bench. I would have risen earlier but I had asssumed that the minister would respond.

Mr. Deputy Speaker: I should point out to the house that if the minister speaks now he will close the debate.

[*Translation*]

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, first, I should like to thank hon. members who took part in this debate which I found most interesting because suggestions were made that will prove quite useful to me, in my capacity as Minister of Justice, and could make my task easier.

I do not think that there is much difference of opinion about increasing the number of judges in this country. The increase in our population naturally requires that we have a greater number of judges than we have now and that they be in a position to administer justice efficiently throughout the different provinces.

[*English*]

I do not think there has been too much difference of opinion, Mr. Speaker, on the basic point in the bill before the house, which is to increase the number of judges in the different provinces concerned. As hon. members realize, there have been delays in the hearing of cases and delays in bringing down judgments for no other reason than that there has been an insufficient number of judges able to perform this important work in the provinces concerned.

However, I think it should be noted, though most hon. members do realize this, that the number of judges in any province is determined by the provincial authorities, not by the federal authorities. So far as the government and the Department of Justice are concerned, we are always willing to increase the number of judges requested by the various provinces.

[Mr. Cardin.]

One problem which has arisen and is causing some difficulty to the Chief Justices and the Attorneys General of the different provinces is the increasing number of inquiries and commissions which require the presence of sitting judges. This disorganizes the arrangement of the work by the Chief Justices for the different court terms. I and my predecessors have in the past been trying to work with the Chief Justices and Attorneys General in order to work out a plan whereby these inquiries can be carried out without disrupting too much the work organized and planned by the Chief Justices, and these arrangements are working out fairly well.

I was rather surprised that more stress was not placed by hon. members on the salaries of judges. Every one who has spoken has mentioned the need for the best possible calibre of judge available and I think that the salaries of judges are one important aspect which members of the house should consider.

It is true, as has been mentioned, that there have been representations made by the Chief Justices of the different provinces to the Minister of Justice regarding an increase in the salaries of judges so that they may be able to have that standard of living and prestige which we as Canadian citizens would wish them to have. I may say that very serious study has been given and is being given to adopting a system whereby an increase in the salaries of these judges will be favourably considered.

One of the burning questions which has been brought up concerns the appointment of judges. As hon. members can easily see for themselves, there are two different schools of thought on this matter. I do not agree that in the past the judiciary has been affected by the method of appointment which has been followed. I do not agree that the judges are not independent. Some hon. members said that you only have to ask a judge to find out whether or not he would rather be named independently but those to whom I have spoken, and I have spoken to a good many, are completely independent of any political party and their judgments on the bench have likewise been independent.

Nor do I think that we have to be ashamed of our judiciary or of our method of appointing judges. Our record in this country has been as good as, if not better than, any other country in the world so far as the judiciary is concerned. I am not saying it is perfect. What I am saying is that it has been good and that we can be well proud of it.

Personally, and I think I can say this very sincerely, I have been very much concerned about the appointment of judges. I have very carefully read the briefs prepared by the Canadian Bar Association and many other organizations which have spoken about the method of appointing judges. I have also spoken to my colleagues about it and many of them have had long discussions on the whole problem of appointing judges.

• (4:40 p.m.)

Suggestions have been made by hon. members today and I have heard suggestions by some of my own colleagues respecting appointments, but no suggestion that I have so far heard is one that would ensure that better judges would be selected under the proposed system than have been appointed under the system that has been followed until now. There is a constitutional responsibility upon the Minister of Justice, the Attorney General and the government to name the judges. It is a responsibility which should not easily be thrown away. I have not closed my mind to any further suggestions as to other methods of appointing judges and of trying to be sure that the government is given the best possible legal minds in this field, but I must say that most suggestions and recommendations I have heard have not convinced me that by the utilization of any of these suggested methods we would in fact have better judges.

I wish, Mr. Speaker, to tell hon. members that this is a question which has been very much on my mind and in the minds of my colleagues. We are very sensitive about it. We want to have, as all members want to have, a judiciary of which we can be proud. We, as all governments that have administered Canada, can be proud of the record of our judiciary.

I want to thank all hon. members who have taken part in this debate. I will take into account the suggestions which have been made and I hope that it will be possible to put some of them into effect.

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

Clauses 1 to 3 inclusive agreed to.

On clause 4—

Mr. Scott (Danforth): Mr. Chairman, did I understand the minister to say that the government is giving consideration, whether active or not, to the salaries of the judges?

Mr. Cardin: Mr. Chairman, what I did say was that the government was considering the revision of the judges' salaries but not necessarily in this bill.

[*Translation*]

Mr. Forest: Mr. Chairman, may I put a question to the Minister of Justice?

Could he tell us for which judicial district the three judges will be appointed? Would there be one for Montreal to deal especially with cases of bankruptcy?

Mr. Cardin: Mr. Chairman, among the three judges to be appointed in the province of Quebec, one will deal with bankruptcies in the district of Montreal, another will sit in the district of Trois-Rivières and a third one will sit on the board of appeal of the Canada pension plan, in which the province of Quebec is participating.

[*English*]

Clause agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: By leave, now.

Mr. Deputy Speaker: By leave, now?

Some hon. Members: Agreed.

Mr. Cardin moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

ADMIRALTY ACT

AMENDMENTS RESPECTING DEPUTY JUDGES, ADMINISTRATION, ETC.

Hon. Lucien Cardin (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Admiralty Act to authorize the appointment of not more than three deputy judges for each admiralty district and to provide for a certain change in the administration of the act.

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

Mr. Bell (Carleton): Mr. Chairman, is the minister going to make a statement?

Mr. Cardin: The statement will be very short indeed. I simply wish to say that the purpose of the legislation is to authorize the

appointment of not more than three deputy judges for each admiralty district. As hon. members may know, representations have been made to them and have been made to me that there has been an increase in admiralty work, particularly in areas such as British Columbia, Toronto and Quebec city. It is for these areas particularly, that deputy judges in admiralty districts are proposed. The bill generally covers all admiralty districts, although it is not necessary to name the deputy judges immediately.

Mr. Bell (Carleton): May I ask the minister how many admiralty districts we now have?

An hon. Member: I think it is six.

Mr. Cardin: I wonder whether I could answer that later?

Mr. Bell (Carleton): I think there are eight districts now. What we are doing here through this measure is authorizing the appointment of 24 deputy judges. My understanding is that the present situation is that for each of the admiralty districts there is a district judge and that the district judge now has the right, where the necessity arises, to himself nominate a deputy judge.

I assume that this legislation is taking that authority away from the district judge and vesting it in the Governor in Council. Perhaps the minister would be prepared to indicate how many of the 24 judges now being authorized for appointment it is intended in fact to appoint, what the anticipated salaries of those deputy judges will be and whether it will be a fixed annual stipend or will be in accordance with the work which they may do from time to time.

Mr. Cardin: Mr. Chairman, I suggest it is not correct to say that this legislation is taking away from the district judge in admiralty the capacity of naming a deputy judge. This power remains with the district judge in admiralty. The power the district judge now has is to appoint one deputy judge. What we are trying to do is to give him power to name two but not more than three judges in areas where that is necessary, which as I have indicated would particularly include British Columbia, Toronto and Quebec city. So far as the remuneration of these deputy judges is concerned, may I point out that deputy judges are not remunerated by the government but usually are paid fees, as I understand it.

• (4:50 p.m.)

Mr. Barnett: Can the minister explain what is involved in the portion of the resolution which states that a certain change is proposed in the administration of the act? This seems to involve more than the authorization to appoint additional judges. Can the minister give us some idea of what is intended?

Mr. Cardin: I suggest we might do better to wait until the bill is before us before considering this point.

Resolution reported and concurred in.

Mr. Cardin thereupon moved for leave to introduce Bill No. C-161, to amend the Admiralty Act.

Motion agreed to and bill read the first time.

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

Mr. Knowles: Now, by leave.

Mr. Cardin moved the second reading of the bill.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I raised a question while we were on the resolution stage and the minister suggested we might consider it when we had the bill before us. We have given the bill first reading and a motion for second reading has been made but I have yet to see the bill. I am wondering where I can get a copy.

Mr. Turner: The copies are here.

Mr. Barnett: I now have the bill before me. This completes my remarks on second reading.

An hon. Member: Hear, hear.

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

On clause 1—*Appointment of Deputy Judges.*

Mr. Barnett: Would the minister care to explain now what is involved in these administrative changes?

Mr. Cardin: They are very minor changes. Under the present act the district judge in an Admiralty Court can nominate one deputy judge. The present bill contemplates giving him permission to nominate two or not more than three deputy judges so as to enable

better progress to be made with this type of work which has increased in certain areas of the country, particularly British Columbia, Toronto and Quebec city. That is the purpose of clause 1.

So far as clause 2 is concerned, the sheriffs of the various districts and counties are also marshals of the Admiralty Court. Under the present law they have jurisdiction within the judicial district in which they serve as sheriffs. It is now contemplated that each sheriff or marshal should have jurisdiction in the whole of the admiralty district so that, for example, if a ship goes from one district to another a marshal may nevertheless have authority to serve a writ or do whatever is required.

Mr. Barnett: I take it then that the sheriff of the county of Nanaimo, for example, could in a case which involved a ship exercise authority outside Nanaimo just for the purposes of the Admiralty Act.

Mr. Cardin: That is correct. He would be able to act within the Admiralty district which is wider than the normal judicial county or district.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: By leave, now.

Mr. Cardin moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

Mr. Deputy Speaker: It being five o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

JUSTICE AND LEGAL AFFAIRS

REFERENCE OF CERTAIN BILLS AND NOTICES OF MOTIONS TO STANDING COMMITTEE

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I should like to have leave to make two motions referring the subject matter of certain bills and certain motions to a standing committee?

Some hon. Members: Agreed.

• (5:00 p.m.)

Mr. Deputy Speaker: Is the hon. member requesting that we revert to motions? Does the house give unanimous consent?

Some hon. Members: Agreed.

Mr. Stewart: Mr. Speaker, I move, seconded by the hon. member for Lincoln (Mr. McNulty):

That the subject matter of the following private members' bills, now on the order paper, be referred to the Standing Committee on Justice and Legal Affairs: C-26, C-49, C-87 and C-118.

Motion agreed to.

Mr. Stewart: Mr. Speaker, I move, seconded by the hon. member for Lincoln (Mr. McNulty):

That the subject matter of the following private members' notices of motions, now on the order paper, be referred to the Standing Committee on Justice and Legal Affairs: Motion No. 26 in the name of the hon. member for New Westminster and motion No. 31 in the name of the hon. member for Brome-Missisquoi.

Motion agreed to.

INDUSTRIAL RELATIONS AND DISPUTES INVESTIGATION ACT

EMPLOYER-EMPLOYEE NEGOTIATION OF TECHNICAL CHANGES—SUGGESTED AMENDMENT

Mr. Norman Fawcett (Nickel Belt) moved:

That, in the opinion of this house, the government should consider the advisability of amending the Industrial Relations and Disputes Investigation Act to provide that an employer shall not introduce or implement any technological innovation, development, or change which would materially and adversely affect the working conditions of his employees until after he has negotiated the matter with the bargaining agent of his employees, and that if no agreement is reached, the matter shall be referred to a conciliation board as provided by section 22(2) of the act, and that if the employer introduces or implements the proposed changes without such negotiation and conciliation, his employees shall have the right to strike immediately as if the collective agreement had expired and all other statutory requirements had been met.

He said: Mr. Speaker, the report I hold in my hand has a longwinded title, "Report of Industrial Inquiry Commission on Canadian National Railways 'Run Throughs' ". When it was published in November 1965, it quickly became known as the Freedman report, after Justice Samuel Freedman of Winnipeg who was commissioner of the inquiry.

Most important, it was immediately hailed by labour as the great document of this age

on the problem of automation and the anticipation of adjustment to technological change. Part of the quality of the Freedman report's impact stemmed from its literate, analytical exposition but much more from the recommendations on how labour, management and government should meet the future. My motion, although it does not acknowledge it in words, is inspired by the Freedman report.

I am a railroader, a long service employee of the Canadian National Railways, a member of the Brotherhood of Railway Trainmen, a witness before the Freedman Inquiry, and a participant in the strike of October, 1964, which led to the inquiry. In presenting this motion I am continuing a tradition begun by present and previous colleagues of my party who have insisted for a decade that much more protection and planning should be given to smooth the transition of technological change and the damaging social consequences which flow from it.

My motion zeros in upon one aspect of the general problem. It appears to everyone to be good sense that neither government nor its agencies such as boards and bureaus, nor a host of complex formulae, should get in the way of direct dealing between management and labour. So many critics, hostile to labour, imagine that labour clamours for government interference because of some principle. This is not true. An intelligent union man knows that the ideal situation is where management and labour settle differences at the bargaining table by themselves. Much of the vociferous lobbying of government by labour is to seek a fair chance at the bargaining table. In essence this is the purpose of my motion. When management always has the initiative so that it can introduce or implement any substantial technological change which materially affects the conditions the workers face, without any right of the worker to negotiate regarding the change, then the worker is really at the mercy of management.

Railway labour in its relations with railway management is a model of the problems created by technological change. Railway unions have held contracts for most work on the railways for five generations and have an honourable history of good, responsible relationships with management and with the federal labour agencies which have the jurisdiction in this field. They are even more a model because their membership spreads from sea to sea.

Not long after the second world war railway management, led by the government owned C.N.R. and supported by huge sums from the federal treasury, began both to modernize and innovate. The process was centred on the switch from coal burning to diesel locomotives, the switch to a form of central traffic control based on electronics, and to maintenance and rolling stock changes which emphasized machine operations, much longer trains, faster schedules and remarkable improvements in telecommunications.

Regrettably, the railways in taking these bold incentives for change retained and expanded the implicit theory of unlimited managerial rights. In a nutshell this theory, known as the residual rights theory, permits management to make drastic changes in working conditions during the closed period of a contract. Unless a union has been able to get restrictions of a specific kind written into the contract, it has been defenceless.

Management has not needed to negotiate the changes. It has unilateral power. Any of you who know the history of railway union negotiations in Canada know that management, supported by quasi-judicial opinions of conciliation board judges, has accepted this theory.

As Judge Freedman puts it on page 86:

> There is a deceptive allure about the doctrine. It appears to be eminently sane and reasonable. Since the property and plant belonged to management who else but management should run it and make decisions? True enough, if management by its agreement has surrendered a part of its managerial function, that part is lost to it; but the residue remains. Could anything be more logical?
>
> In confession to certain doubts and misgivings about the adequacy of the doctrine for the contemporary industrial scene, the commission must in fairness record that these doubts and misgivings do not appear to have been shared by the great majority of people who have been called upon to deal with it in an official way. A study of decisions in labour arbitration cases shows a distinct numerical preponderance in favour of the validity of the doctrine. To the extent that this body of jurisprudence may be taken as having settled the law it undoubtedly furnishes impressive support for those who hold the theory as correct. None the less—

I beg hon. members to note this.

> —the commission still has reservations about the doctrine. It seems to treat too lightly the changes in labour-management relations which have been wrought by collective bargaining.

• (5:10 p.m.)

Before I return to the question of residual rights which Mr. Justice Freedman said "lies at the heart of this inquiry", I want to tell you something about the crisis which led to

the Freedman inquiry. What a story it reveals about obdurate management, a complacent government with its ears blocked and its eyes blinded, and a discontented labour force seething and desperate with a common cause for grievance even though it was scattered in dozens of separate locales from Vancouver to Moncton.

Let me emphasize this. Repeatedly the government was warned by parliamentarians and by union leaders who were frankly somewhat frightened at the surging militancy of their membership. The recommendations of a committee of this house were ignored by the Minister of Labour and by a succession of Ministers of Transport, including the incumbent. The House Committee on Railways, Canals and Telegraph Lines in 1963, with great unanimity, had recommended, after considering a private member's public bill, that the government so legislate that material changes must be either negotiated or take place within a regulatory framework which set out some formulae for compensation, retraining and adjustment.

Why was the committee so convinced that it gave what is so rare in parliamentary history, approval to a private member's bill? The arguments that convinced them were the arguments that convinced Justice Freedman. As early as 1960 delegations had come to Ottawa from unions and from community representatives of railway towns to protest the casual and unplanned consequences of railway management's innovations springing from the residual rights theory.

Let there be no mistake about it, gentlemen. There were warnings. The wildcat national walkout of October, 1964 in its nature was spontaneous. It had no official leadership; it streaked like wildfire across this nation; it tied up one major railway and it would have tied up another if the government had not guaranteed an inquiry. A lot of pumpkin-wise guys, especially those who write editorials for newspapers, were astounded and shocked at this illegal event. Why did railway labour have to be dragged screaming into the mid-20th century? Could they not see that their archaic practices, their featherbedding, their resistance to change were impeding the orderly development of an improved system? Well, my friend, railway workers, like their brothers in most of the world, are neither stupid nor conservative but they wanted and want a fair shake.

Canadian National management's most publicized invokement of residual rights was in their institution of run-throughs. A run-through is a trip or assignment which requires crews to run through a recognized terminal or turn around point where crews normally change off and the incoming crew books off duty for rest. Run-throughs double the mileage and time on duty of the crews for a single trip.

Obviously the C.N.R. had a policy to introduce run-throughs from coast to coast. Put cleverly, their plans were introduced piecemeal and without much notice. From the first the union officials objected at all levels. Despite their protests run-throughs were instituted in certain places beginning in 1958. By the time the C.N.R. was ready with its second round in 1960, more coherent objections had been formed. I remember coming to Ottawa to protest one run-through planned in my home area. The minister of labour did not listen. He did not intervene to establish a board of conciliation. It took the threat of a wildcat strike to head off these run-throughs. The railway went on with its plans. Demoralizing rumours about changes, about the coming death of railway towns like Nakina and Wainwright, rippled across the railway system.

At negotiation time the railways refused to bargain on the issue or to let any protection be placed within the contract. Management had the initiative, government was deaf and blind, and the men seethed. There were more and more delegations from across the country. Sometimes it would be union leaders, sometimes regional and local union officers, sometimes mayors and community delegations. They came to Ottawa, they told their story, they pleaded for protection, they asked for changes in the Industrial Relations and Disputes Investigation Act and in the Railway Act but to no avail. Thus, when the C.N.R. management announced plans in the late summer of 1964 to introduce run-throughs in late October, 1964 which would decimate both work and community life in Biggar, Saskatchewan, and Nakina, Ontario, the balloon went up. Again there were delegations and representations to Ottawa. The Ministers of Labour and Transport listened and did nothing. And so the strike came and then the inquiry and then the Freedman recommendations. I am going to quote parts of the recommendations at pages 91 and 92 of the report of Mr. Justice Freedman:

> The commission must accordingly conclude that on the basis of the law as it exists today the company does have the right, as it contends, to institute run-throughs. That conclusion at once

poses a question: Should it continue to have that right? The commission is satisfied that it must be answered only in one way. The institution of run-throughs should be a matter for negotiation. To treat it as an unfettered management prerogative will only promote unrest, undermine morale, and drive the parties farther and farther apart. In that direction lies disorder and danger. By placing run-throughs, on the other hand, within the realm of negotiation a long step will be taken towards the goal of industrial peace. More than that. Such a course will help to provide safeguards against the undue dislocation and hardship that often result from technological change.

Then, at page 93 of his report:

Run-throughs should be negotiated. It is worth noting that in the United States they are negotiated. That conditions in the United States are not parallel with those on Canadian National may well be the case. The fact remains, however, that American railways are quite able to function under a system in which, voluntarily or otherwise, they negotiate the issue of interdivisional runs. No doubt they would prefer to have unlimited freedom to establish such runs at their own discretion, since no manager welcomes with enthusiasm any restriction upon his sphere of action. The point of significance is, however, that they manage to carry on despite the necessity of negotiation—which suggests that fears conjured up by management about the dire consequences that would result from any interference with its unilateral right to institute run-throughs are largely groundless.

At page 94 the report states:

Non-reviewable discretion to establish interdivisional service is essentially what Canadian National now has, and what it should not have.

Then, at pages 95 and 96 of the report:

In advocating the negotiation of run-throughs the commission has in mind something more than mere discussion. At Nakina and Wainwright the scope of permissible discussion was very much restricted, as the commission has already found. What is required, if the men are not to feel that they are victims of a plan instead of participants in it, is negotiation on a basis of parity. Mr. N. J. MacMillan in the course of his testimony said that negotiation necessarily carries with it a right of veto. The commission has little doubt that Mr. MacMillan was here sounding a warning or alarm. Duly warned though it is, the commission is not greatly alarmed by the prospect of run-throughs being made a subject of negotiation. A power of veto is not necessarily and inherently a vicious thing. It is the irresponsible abuse of that power which is vicious and should be condemned. The term "veto" may have a sinister connotation in an international setting dominated by a cold war. But after all, is it not something which is encountered every day whenever two contracting parties sit down to arrive at an acceptable meeting of minds?

Then, at page 96:

A second reason for taking the risk of negotiation derives from considerations of self-interest. It is surely important to the brotherhoods that the railway undertaking if which they are a part should be viable and progressive. In its economic well-being they have a personal stake. Enlightened self-interest accordingly demands that they should not stand in the way of its development and progress.

Page 97:

There is yet another reason why the commission recommends the taking of the risk. The alternative is worse. If run-throughs are allowed to remain as a managerial prerogative the men will simply continue to feel that they are victims of technology, inert instruments in a process beyond their control. Such a situation is fraught with danger. A mood of rebellion already confronted in Nakina and Wainwright, may arise again. No one wants to see the law flouted. Wildcat strikes are at once a defiance of law and a threat to industrial peace. As such they are to be condemned, and the commission does condemn them. But how is their recurrence to be avoided? Surely not by turning one's back on something which has proved to be a contributing factor in their development and pretending it does not exist.

A change from unilateral control to negotiation would bring it advantages of a positive kind. It would lessen the possibility that the benefits from a run-through program would fall largely on one side and its disadvantages largely on the other.

• (5:20 p.m.)

It would strengthen the operation aspects of the run-through actually put into effect, since the men who are daily concerned with the running of trains would be able, through their representatives, to contribute ideas and suggestions to the common pool. And it would improve the climate of labour-management relations and boost morale by the mere process of acknowledging the dignity of the individual worker and according to him a voice in decisions affecting the conditions under which he is to work.

At page 100 Mr. Justice Freedman continues as follows:

Here then is the commission's recommendation in the matter. Run-throughs, as already stated, should be negotiated. But in the course of those negotiations either party should have the right to refer to an arbitrator the quesion whether the proposed run-through falls in the former class or the latter. If the arbitrator should conclude that it is in the latter class—that is to say, that its effect is so relatively slight that it cannot fairly be described as causing a material change in working conditions—the company would at once be entitled to put its run-through plan into effect.

If, on the other hand, the arbitrator should decide that the impact of the suggested run-through would indeed cause a material change in working conditions, the company would be obliged (unless it could secure brotherhood consent) to withdraw its plan until the next open period. At that open period negotiation could proceed subject to the legally available sanction of the strike and lockout. Incidentally, a run-through plan which is being established in periodic instalments would have to be assessed on the basis of its total effect rather than in terms of its individual stages considered separately.

In conclusion, Mr. Speaker, I should like to make this point very emphatically. The Freedman inquiry was very comprehensive in its extent. It was costly and time consuming.

Surely in the light of these factors, plus the genuine faith and confidence that was placed in the ability and honesty of this eminent jurist, it is incumbent on all hon. members to sustain his recommendations which in essence are embodied in my motion.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, while I agree with the spirit and terms of this resolution I do not feel it goes far enough, nor do I feel it deals adequately with the problems to which it refers. If we are going to amend the law to deal with the problems of technological innovation or automation—if I may I will use that word to include all types of technological change or innovation—we should do so in a way which will take into consideration the entire problem and provide for a more comprehensive solution. We should consider not only railroading but all industries and commerce where automation is probable.

More specifically, I do not feel that the present resolution is adequate for the following reasons. It does not contemplate action at an early enough stage really to prevent disputes concerning automation. If dislocations resulting from automation are to be properly handled they must be considered when the possible innovation is first studied. If consideration is left until a new contract comes up for bargaining it may be too late to make the proper adjustments.

There is also a feeling by many people that these problems could be more adequately dealt with away from the bargaining table and that collective bargaining is often too much beset by pressures, delays and multiple cross-currents. There is also the fact that the vast majority of the workers affected by automation are not organized for collective bargaining, and something must be done for them.

I should like to refer to an address given by Walter Reuther to a committee of the 86th Congress of the United States on automation. Mr. Reuther said that while collective bargaining has an essential role to play in meeting the problems raised by automation it cannot provide all the answers. He said that negotiated programs must function side by side with public programs, that negotiated retraining programs, for example, cannot meet the needs of all workers who require retraining. Nor can negotiated relocation programs help the employees of a firm which has gone out of business. Mr. Reuther also suggested that in addition programs similar to those negotiated through collective bargaining will have to be provided for the millions of workers still unorganized.

If we are to have a complete, balanced and co-ordinated program then it is necessary that the measures suggested in this resolution be considered in conjunction with other measures, especially those which entail direct government action. To begin with, we must recognize that automation is a good thing for society. In that same address by Walter Reuther to which I referred earlier, he foresaw a rate of growth in the United States of 5 per cent per annum as the result of the introduction of automation and he pointed out that this increased production could lead to many good things such as the elimination of poverty, improved standards of living, improved standards of health, the elimination of slums and increased assistance to underdeveloped countries. But at the same time we must also recognize that automation creates difficulty. It leads to many problems and often leads to labour displacement. It leads to decreases in manufacturing employment, increases in white collar and service employment, industrial concentration, commercial amalgamation, centralization and the desertion of many towns and communities.

Mr. Justice Freedman in his report, which was referred to by the hon. member for Nickel Belt (Mr. Fawcett), made some suggestions about the implementation of technological innovation. I consider the report of Mr. Justice Freedman to be outstanding and progressive. It contains a lot of very good information regarding the changes in society brought about by technological change and automation. Mr. Justice Freedman stated that implementation of technological innovation places a responsibility on all parties—government, labour and management. I should like to refer to a few of his statements, the first of which appears at page 84 of his report:

> The old concept of labour as a commodity simply will not suffice; it is at once wrong and dangerous. Hence there is a responsibility upon the entrepreneur who introduces technological change to see that it is not effected at the expense of his working force. That is the human aspect of the technological challenge, and it must not be ignored.

Later he states on the same page:

> There are responsibilities upon labour as well. Perhaps chief among them is not to use its organized strength in blind and wilful resistance to technological advances. Labour must recognize the constructive role of technology in the general welfare and economic strength of the nation.

With respect to the government he says at page 82 of his report:

> It is only when the economy is sluggish and when government action has been inadequate or ineffective to strengthen it that technological innovations bring unfortunate consequences to individuals.

What then are the other measures which should be considered in introducing legislation of this nature in order to deal with the entire problem? First of all, I would suggest that the government should expand the scope of the manpower consultative service so that it can intervene at the earliest stages to assist in working out solutions to these problems. In the United States the government has established committees representing government, labour and management to work out the problems related to technological innovations. As a result of this automation has been introduced in some cases without the loss of a single job. Some workers have been retrained, some reassigned and some upgraded. This was possible because they considered the problems at an early enough stage.

These committees have found that the introduction of automation can be a human as well as a technical success if certain guide lines are followed. In this regard I should like to refer to a report made by Arthur Goldberg, former Secretary of Labour in the United States, as reported in the New York *Times* on April 2, 1961. He was referring to the guide lines that are necessary in the introduction of technological change. Mr. Goldberg says that there must be an adequate lead time between the decision to automate and the actual changeover and that there must be sufficient consultation between labour and management concerning employee displacement and job changes. He says there must be a general and honest report to the people directly affected and, most important of all, the time of the change must coincide with a period of employment or market expansion.

• (5:30 p.m.)

In addition to the formation of these tripartite committees the government could also assist in several other ways. I am thinking of worker retraining and mobility. It is true that the government has already taken action on these matters under its manpower program and is also attempting to provide more co-ordination by establishing a manpower department. I feel that this is a tremendous step forward. Many of us will be watching to see the effect of this measure.

[Mr. Allmand.]

The government, Mr. Speaker, must extend and co-ordinate its war on poverty program to assist those areas particularly affected by industrial innovation and change. If the government were to intervene before the changeover and early enough in the process it could possibly take steps to prevent the abandonment of towns with its accompanying uprooting of families and social disorders. Through government assistance it may be possible to keep industries and employment in some of these towns. This may be done by providing better transportation, technical schools and in other ways.

In conclusion, Mr. Speaker, I wish to commend the mover of this resolution. My only criticism is that this problem should not be considered in isolation but along with other measures which are being introduced and which can be introduced in this same area.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): I was particularly interested, Mr. Speaker, to find that the hon. member for Nickel Belt (Mr. Fawcett) is a fellow member who served his initiation in the labour movement amongst the unions which dominate, quite properly, the railways of Canada. While the hon. member for Nickel Belt is a product of the running trades, I am one of those unfortunates who served a five year apprenticeship in what was referred to in those days as "the shops". Perhaps more tragically I am also a victim, if one wants to use that word, of a decision made by Canadian National Railways at the outset of the war in 1939 or 1940 arbitrarily to close what was known in those days as the St. Malo shop, with which I am sure the hon. member for Nickel Belt is familiar. Hundreds of families in Quebec city were uprooted with very little prior notice and told to reestablish themselves in Montreal to work in the Pointe St. Charles shop.

I can remember quite vividly, Mr. Speaker, the emotional impact such a move had upon those families in 1940. We were emerging from the depression years. Jobs were still fairly scarce. We were uprooted from our familiar surroundings and transferred into an area of hostility. The hostility came from the workers at the Pointe St. Charles shop. It was quite normal because our arrival by the hundreds on the local scene created a tremendous disruption in such fundamental things as seniority rights, the dovetailing of this and that job and so on. The fact that my own father died within months of the transfer has always left me with the impression,

which I still hold but not in any feeling of bitterness, that one of the contributing factors to his death at the age of 56 after serving 42 years with the railway was the very dictatorial manner in which we were transferred from Quebec to Montreal.

This took place 25 years ago. I like to think we have come a long way from that very bleak day in my life. I am not so sure, of course, that we have. I remained active in the labour movement of Canadian National for many years, as recently as 1952. Like the hon. member for Nickel Belt, I hold that the Freedman report is one of the most progressive reports that has ever been brought before the labour movement in Canada. I feel that in time the impact of the Freedman report will be as great or even greater than the report made by another courageous man not so many years ago, Mr. Justice Rand.

I am very happy, Mr. Speaker, and I should like to say this before my time runs out, to be attached to the Department of Labour and to serve under a minister who has on several occasions openly stated his respect and admiration for the Freedman report. I say this not because the minister is here. If he did not share this point of view I would not want to be his parliamentary secretary. He knows I am independent enough to resign if at any time I felt he was not working in the best interests of labour.

Those of you who had the privilege of listening to the presentation of the annual brief from the Canadian Labour Congress will realize that a certain portion of the brief was based upon recommendations in the Freedman report. I do not want to read too extensively from the contribution of the Minister of Labour (Mr. Nicholson) when he replied to the brief, but I quote briefly from a transcript of the proceedings:

> In the same connection might I refer to two other things. The first is your reference to the Freedman report, which I think is an admirable thought-provoking document. Some people criticize it as having gone too far beyond the terms of reference, but I must say I think the commissioner, Mr. Justice Freedman, is to be commended for having brought this problem so much into the open. It has brought it into the light, and it is something that I know my colleagues in government and the officials of my department and the manpower department are all studying very carefully.
>
> In that Mr. Justice Freedman says that the most important thing and the first step should be for the employees concerned and the management of the railway concerned to get together and see if they cannot find, and bring about a solution; I am happy to tell you that, having had meetings with representatives of the railway union—some of whom are here today—and with representatives of management of the railway, encouraging steps are already being taken along that line.

Addressing the Canadian Labour Congress manpower training conference in Ottawa on Wednesday, February 23, 1966, the minister also said:

> During the past few years we have seen some very unfortunate examples of what can happen when technology and automation are allowed to progress faster than the human element can keep pace. We have also seen what can happen when technological decisions are made without due consideration for all those people about to be or who think they might be affected. Not only is there likely to be some hardship for those immediately involved, but like the proverbial pebble in a pool, waves of worry and apprehension ripple across the entire community, the entire district, the entire country.

In his speech the minister also talked about co-operation and said:

> Such co-operation, in my opinion, involves sitting down with someone else, with the desire and sincere intention to work out your mutual problems together. It is the principle of fully and frankly exchanging ideas on subjects which were once considered outside the realms of joint discussions.

• (5:40 p.m.)

I think, Mr. Speaker, the minister made two very important points. First, he stressed in his remarks the very strong impact of these decisions on any community which depends upon railways for its existence. He was talking in a much broader sense and of the very fact that we had no alternative in this country but to introduce, through legislation or by other means, complete co-operation between labour and management. The day has come, if we are to maintain our competitive place in a free society, when management and labour in this country must co-operate before and not after decisions are taken.

Unlike the experience I had 25 years ago, the day has long passed when the voice of labour must be considered as something to be heard after decisions are taken. It is to the disadvantage of management, employers, industries and of Canada that far reaching decisions affecting the lives, the wages and the future of Canadians from the labour class are reached by an autocratic body making a unilateral decision without prior consultation.

I think the present Minister of Labour, with the vast experience he has had in the executive field with Polymer and other corporations, understands this fact, and I am proud that he has said so quite openly in public. I have read into his remarks—I am sure I am reading properly—an indication on

his part of a realization that the Freedman report and its implications go beyond the limited scope of railways and railway negotiations. The time must come when the Freedman report is extended to the complete field of labour-management relations, not only relations between the railways and their unions but relations between all companies and their employees.

There is, of course, implied in the Freedman report, and properly so, a sense of responsibility which must lie with labour. There are times when labour must realize the fact that in many instances technological changes render a particular source of employment in a small community no longer capable of competing with other firms and businesses willing to change and to do things in a more modern manner.

There must be placed at the disposal of management and labour certain steps. I hope, if I may indulge in some idealistic thinking, that all the changes in the future which will protect labour, prevent disruption and protect small communities can be arrived at by the simple expedient of sitting down and showing some good will and co-operative planning. Unfortunately this has not been the experience of the past between management and labour, and in this type of atmosphere somebody suffers, in most cases labour.

That is why I think the Freedman report should be required reading on the part of everybody interested in the future of this nation. I am particularly referring to the fact that if Canada is to survive and maintain its present standard of living it must compete more and more for the markets of the world. More and more as we compete the natural aims and ambitions of labour and management become the same. The day has passed when labour and management can make unilateral decisions, because in effect their destiny is one and the same.

I think the government realizes the importance of the Freedman report. I think that its implications and its impact upon labour relationships and industrial disputes are self-apparent. I think the minister and his department are prepared to give and are at this very moment giving full study to this report so that in the very near future they can bring before the house recommendations along the lines envisaged by Judge Freedman.

Perhaps the Freedman report treats of more than just the rights of labour and management. It treats of the rights of the third element in the community—the storekeepers, the shopkeepers and the little businessmen who live in a community which is so dependent on one or two industries or, in the case of the run-through, on the railways exclusively. These people too have rights.

I think that the thinking of all enlightened people today indicates that management and labour do have a common destiny, that they must not go their merry way alone. It is imperative that labour understands that today management is not something designed strictly to take complete, cold and callous advantage of labour. On the other hand, I think that management must understand that the labour force is a partner which is needed very badly, that good will and harmony is to the mutual advantage of both and that strikes and lockouts benefit nobody, least of all the Canadian people.

Mr. Alkenbrack: May I ask the hon. member for Verdun (Mr. Mackasey) a question? I followed his remarks with considerable agreement and with great interest, but in his comments about small industry and small communities, particularly the small towns of Canada, was he predicting the demise of small industry? I ask that question having in mind particularly the tariff policy which this government is contemplating.

Mr. Mackasey: On the contrary, Mr. Speaker, I am also presuming that an industry in a small community which hires 35 people and turns out a product it is finding harder and harder to sell owing to the activities of a similar industry situated 100 or even 50 miles away in another community, an industry which has seen fit to start from scratch with new methods of production and with a new approach to the problem, will have no choice but to modernize itself, perhaps at the expense of reducing its staff from 35 to 12 or 15 employees. This it must do if it wants to stay in business, and it is one of the vexing problems facing small industry.

What does an industry do in this case? Does it try to go along with 35 employees and produce something it cannot sell in a competitive market? Or does it face reality and modernize its shop even if it means reducing its staff from 35 to 12? At least these 12 people would have a future. It is at this time that the fate of the 23 people left out has to be considered, long before the changeover is made to modern methods.

Consideration must be given to the impact of this step on the lives of these 23 families

and also the economic impact of the move on the community itself in which the industry is situated. This must all be taken into consideration well in advance of the change.

What I am advocating is that management should not decide to modernize on a Friday and notify labour on Monday about a *fait accompli* involving the dismissal of workers after 15 to 20 years service. What I am advocating is complete and early co-operation before decisions such as this are taken in the more realistic light of a modern day, competitive spirit.

• (5:50 p.m.)

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the hon. member for Nickel Belt (Mr. Fawcett) is an expert railroader for whom all of us have a very high regard. He is probably destined to make a contribution to this house and to the public service of Canada along with some other very distinguished employees of Canadian railway companies. I have found through my associations that members of the Committee on Transport and Communications are broadminded, fairminded and certainly well acquainted with the problems of the employees of the railway industry.

I must say that the Freedman report is a far reaching document. It is regrettable, however, that the terms of reference of the commission only allowed the tribunal to deal with a specific question. It is regrettable that he could not have gone farther and made this report in such a way that it would have been applicable throughout all industry. It is significant that this report deals with the railway problem. As a member of the Standing Committee on Transport and Communications I am somewhat dismayed at the distance between management and labour. As was indicated by the witnesses appearing before that committee, it seems that labour is under the impression that whatever management endeavours to do is done in such a way as to ignore completely the employee as such. There does not seem to be the meeting of minds that is characteristic of a more compact industry such as manufacturing and even mining, I believe. That is perhaps because the railway employees are spread right across the country and there is not the opportunity for closer relationships and discussions with top management that there is in more compact industries.

I said earlier that I am amazed that this situation exists to the extent it does, and for that reason something obviously needs to be done in respect of labour-management relations in both of our great national railways. There is a danger, however, it seems to me, of the government interfering in such a way as to bring in legislation which may have the effect of hampering the development of technological changes such as automation to a greater extent than those changes are now hampered by human antipathy against change of any kind.

For instance, if in 1950 the railways had been required to enter into negotiations with the unions to determine whether it was in the best interests of the railways and of the employees to introduce the diesel locomotive, perhaps this matter could have been rationalized at that level at an early date. However, I fear that this would have led to quite prolonged negotiations because it would have had to be stated at that point that some employees necessarily were going to be displaced. Otherwise there would be no point to the technological improvement brought about by the introduction of diesel locomotives.

If I may be permitted to refer to evidence before the committee, it was early in 1950 that the Canadian Pacific Railway began its studies of the development of their train, the Canadian. That meant that concurrently, of course, there had to be the development of the diesel locomotive. If my memory serves me correctly, it was not until 1955 that the Canadian was established as the C.P.R.'s number one transcontinental passenger service. During that time surely there could have been ample arrangements made to discuss what was going to be the ultimate division of labour along the route both with respect to the Canadian and with respect to the much longer freight trains with several locomotive units being operated by two or three men in the front cab.

If the companies had not been free to study the technology of railway operations without having first received the sanction of the employees, I wonder where railroading would be today. Some time ago I discussed with a railroader why it was that the Canadian Pacific and Canadian National had not adopted earlier two or three-deck flatcars for transporting automobiles. He said that because of the fly ash which came from the steam locomotives of the day it was impossible to have automobiles transported in that fashion.

Mr. Speaker: Order, please. I regret to have to interrupt the proceedings but the time allotted for the consideration of private members' business has now expired.

Mr. Knowles: You gave it the fine axe.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, the business for tomorrow will be item 8 on today's Order Paper, house in committee of the whole on Bill C-145 dealing with commercial fisheries in Canada; item 9 on today's Order Paper, second reading of Bill C-153, to amend the Aeronautics Act; item 5, second reading of Bill C-151, to establish a fund for economic and social development; item 6, second reading of Bill C-152, to amend the Agricultural Rehabilitation and Development Act; item 26, house in committee on Bill S-14, to amend the Bills of Exchange Act; item 12, second reading of Bill C-146, to amend the Northwest Territories Act; item 13, second reading of Bill C-147, to amend the Yukon Act; item 42, the resolution to introduce a measure for the construction of a railway in the province of Ontario, and item 39, second reading of Bill C-154, to implement an agreement respecting taxes.

• (6:00 p.m.)

Mr. Starr: What are we going to do in the evening?

Mr. McIlraith: We will take the Science Council bill.

Mr. Starr: I wonder whether the leader of the house could go farther and give us the business beyond Thursday.

Mr. McIlraith: Yes, I would be glad to. On Friday we will begin the budget debate and continue it on Monday, Tuesday and Wednesday. I should perhaps point out to hon. members, in case this has been overlooked by anyone, that this would mean a vote on Monday and again on Wednesday.

An hon. Member: At what times?

Mr. McIlraith: I have forgotten the hour. It is set out in Standing Order 58.

It being three minutes after six o'clock the house adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, March 31, 1966

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, March 31, 1966

Sir,

I have the honour to inform you that the Honourable Robert Taschereau, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 31st March, at 5.45 p.m. for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,

A. G. Cherrier
Assistant Secretary to the Governor General

• (2:40 p.m.)

INDUSTRY

GUIDE LINES FOR CANADIAN SUBSIDIARIES OF FOREIGN COMPANIES

Hon. Robert Winters (Minister of Trade and Commerce): Hon. members will recall that in dealing with questions asked during consideration of departmental estimates, I indicated my intention to formulate appropriate guidance to help subsidiaries of foreign companies conduct their affairs as good corporate citizens of Canada.

Much attention has been given in recent years to the role of subsidiaries of foreign companies in the Canadian economy and to the difficulties which can arise from the responsibilities of subsidiaries both to their parent companies and to the community in which they operate. Many views have been expressed on this important subject. In recent weeks I have had helpful consultations with chief executive officers of many Canadian subsidiaries of foreign companies located in various countries. I have concluded that a statement of what is expected of subsidiary companies as regards their responsibilities in the Canadian community would be welcomed and would be of benefit to all concerned.

Accordingly I am writing to the heads of subsidiaries of foreign companies in Canada setting forth some guiding principles of good corporate behaviour. In the letter I also indicate my intention to ask the larger subsidiary companies to provide periodically, on a confidential basis, information on certain aspects of their operations and financing.

I beg leave to table a copy of this letter, and ask permission to have it printed as an appendix to today's *Hansard*.

Mr. Speaker: Does the minister have leave to table this letter and have it printed as an appendix to *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: For text of letter referred to above, see appendix.*]

Mr. Winters: Hon. members will observe from a reading of the letter that the principles emphasize above all the need for subsidiary companies to strive for maximum realization of their potential and for full participation in, and identification with, the life of the Canadian community. While these principles have been formulated with regard to the particular circumstances pertaining to the operations in Canada of foreign affiliated companies, the underlying objective sought is equally applicable to all Canadian companies.

I trust that this statement of the basic essentials of good corporate citizenship will contribute to a better understanding of the role of subsidiaries of foreign companies in our economy, and will encourage and facilitate their full participation in our growth and development in line with Canada's trade, economic and social needs.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker I had hoped to have been able to see a copy of the letter, but that has not been possible, so any observations I make will therefore be of a general character.

There has been nothing more conducive to disagreement between Canada and the United States than the adoption of a certain attitude on the part of the administration in Washington in the exercise of authority over Canadian corporations which are, in effect, subsidiaries of United States corporations.

The guide lines recently enunciated were of such a nature as to constitute a derogation of Canadian sovereignty. It was for that reason we took the strongest possible objection to several portions thereof.

I recall very well the arguments we had on this question during the days we were in office. One of the most striking was at the time we entered into arrangements to sell wheat to communist China. The then U.S. administration was opposed to any policy of dealing with communist countries, in non-strategic materials as well as in strategic ones, and did nothing which would allow Canada to carry out her policies.

Indeed, the only wheat loaders available were those manufactured by a Canadian subsidiary of a United States corporation, and almost at the last moment word was received that we were not going to be able to secure those loaders.

I saw the then President of the United States and, as reference has been made in one or two books to the events of that time, I go no further than to say that I made it perfectly clear that if that attitude were not altered Canada would have to take the strongest possible action. That was interpreted as anti-Americanism. In fact, it was pro-Canadianism.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I say to the minister that he will have widespread approval for the announcement he has made. The stand he has taken is one we have long advocated, and which we carried out when in office. I realize that in the stand he has taken, with the wide knowledge he has of corporate business, he places Canadian interests first and foremost.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: That is and has been our attitude, and will continue to be our attitude. We welcome American investment, but we ask that American and other foreign investment in Canada shall so conduct itself as to merit the description that he used, namely good Canadian citizenship.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I desire to commend the minister for these economic guide lines which are being sent out to the subsidiaries of United States corporations in this country. I think this is a great—

Mr. Winters: May I interrupt to say not only United States but all foreign subsidiaries.

[Mr. Diefenbaker.]

Mr. Douglas: But as I understood the minister and from reading his letter, it is primarily directed to United States subsidiaries in this country. This is a long way from the position the government was taking in December, when the American guide lines were being described by ministers of the crown as an economic political windfall. I think in his letter to the various corporations in Canada the minister has put his finger on the real problem, and that is that we in Canada do not object to—on the contrary we welcome—companies coming into this country which bring capital, technical know-how and research capacity which in many cases we have not got here.

The real problem, as the minister has pointed out in his letter, is that the decision-making power may be located outside Canada. That decision-making power may be used not in the interests of Canada but in the interests of some other country. I hope the minister's letter, and the questionnaire he is sending out, will enable him to get information that will permit the government to formulate a policy, but I want to point out that the real nub of the question is contained in No. 3 of the guide lines, which says:

> Maximum development of market opportunities in other countries as well as in Canada.

I think the government will have to spell this out a lot more specifically if we are not to have a repetition of the situation which obtained last summer when three milling companies in this country, subsidiaries of United States corporations, refused to mill wheat into flour because it was being sold to the Soviet Union for transshipment to Cuba.

The Canadian government has to make it clear, both to the United States authorities and the United States subsidiaries in this country, that once a corporation is domiciled in Canada, registers under the laws of this country, uses the resources and labour capacity of this country, it is subject to the laws and the policies of the government of Canada.

• (2:50 p.m.)

I think this will have to be spelled out much more specifically than has been done in the letter. I believe it will have to be made clear to the United States government that they had better get over the idea that United States subsidiaries in this country are subject to United States legislation, particularly having regard to trading with the enemy legislation, which has been used in the past to

exercise control over United States subsidiaries in this country, which control has often been exercised to the disadvantage of Canada.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I would like, first of all, to thank the Minister of Trade and Commerce (Mr. Winters) who sent us, a few minutes before the house met this afternoon, the letter addressed to Canadian subsidiaries of foreign companies. I thank him also for sending us that statement written in good French, and I feel that he deserves congratulations for that.

Mr. Speaker, I analysed the guiding principles of good behaviour prepared by the minister for subsidiaries of foreign companies and I feel that, if those principles are put in practice, the Minister of Trade and Commerce will succeed in solving a lot of problems.

The minister recommends to Canadian subsidiaries to get their raw materials in Canada and I think that, if all the Canadian subsidiaries of foreign companies did that, it could help the economic situation in Canada.

Among the objectives sought, the minister states:

> Where applicable, to extend processing of natural resource products to the extent practicable on an economic basis.

Mr. Speaker, I feel that the minister will never stress too much the importance of processing right here in Canada the natural resources which we have to such a large extent in our country.

The minister also asks the officials of Canadian subsidiaries of American companies to use Canadian technicians and personnel as much as possible. I feel that is a most commendable step and that the American companies operating in Canada should take it without delay.

The minister also recommends to give Canadians more opportunities to become part of the financial structure of those companies.

Mr. Speaker, another important thing is guiding principle No. 3 which reads as follows:

> Maximum development of market opportunities in other countries as well as in Canada.

The minister is asking Canadian subsidiaries of American or foreign corporations to try and increase their exports. I think that the Minister of Finance (Mr. Sharp) should profit by that recommendation.

If you were to assign those Canadian companies the objective of exporting for an amount equal to that which they send in other countries in the form of dividends, profits and interest, then the Canadian balance of payments would no longer be a burden for our people and it would stop being unfavourable to us and upsetting for the Canadian economy.

One of the main recommendations the Minister of Trade and Commerce should make to those Canadian companies is to assign them the objective of having their exports equal the amount of money they are sending to foreign countries in the form of interest, dividends and profits.

Mr. Speaker, before I conclude my remarks, I do want to join with the Leader of the official Opposition (Mr. Diefenbaker) and the leader of the New Democratic Party (Mr. Douglas) in stating that all foreign companies located in Canada and using our labour force, our natural resources, in short, our capacities, should behave like Canadian corporations, having in mind, first and foremost the interests of the Canadian economy.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, very briefly I should like to say that the Minister of Trade and Commerce is to be commended for setting out these initial guide lines as far as foreign subsidiaries in Canada are concerned. This is only a first step, because I think the success of these guide lines will depend upon the degree and depth of the co-operation he receives from the subsidiaries and their parent companies which control them.

There is one point I suggest the minister might have made more specific in regard to this original set of guide lines, and this is something that should be watched carefully. I refer to the situation which often exists when subsidiaries of foreign companies are restricted by their parent companies in competing for and supplying goods in competition with their parent companies so far as foreign business is concerned. Certainly this restriction hampers our own Canadian subsidiaries and affects our own trade pattern, and is a very important factor in regard to the difficulties we have with our balance of payments.

Again I commend the minister for this step in the right direction, the success of which will be seen as this is further developed.

Business of the House

BUSINESS OF THE HOUSE

CHANGE IN ORDER ANNOUNCED FOR THIS DAY

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I want to take advantage of this opportunity, if I may, to indicate a slight change in the business of the house for today. I indicated last night that Bill C-145, dealing with commercial fisheries, would be the first item of business today, but we will not be able to take this bill today.

Further, I indicated the sequence for consideration of two bills standing in the name of the Minister of Forestry, Bill C-151 and C-152, in that order. We now propose to call Bill C-152 first, as we feel that this arrangement will lend itself to a more orderly discussion of these two bills.

TRADE

CHEESE—ANNOUNCEMENT OF INCREASE IN U.S. GLOBAL QUOTA

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the United States import restrictions on Canadian cheddar cheese were among the specific trade matters discussed at the meeting of the joint Canada-United States committee on trade and economic affairs held in Washington earlier this month.

I am pleased to be able to inform hon. members that the United States has today announced an increase of over 900,000 pounds in the U.S. global import quota on cheddar cheese for the balance of the current quota year, which ends June 30.

Some hon. Members: Hear, hear.

Mr. Winters: Further, consideration is being given by the United States to increasing the over-all U.S. import quota on cheddar cheese in the net quota year by as much as 5.5 million pounds, and to establishing a supplementary quota of 1.2 million pounds specifically for aged cheddar. This would give a total global cheddar cheese quota of over 9.5 million pounds annually, as compared to the present quota of about 2.8 million pounds.

Under the existing quota Canada is restricted in its sales to the U.S. market to a total of 614,000 pounds annually. This amount will be immediately increased by Canada's share of the supplementary quota for the current year, some 200,000 pounds.

In future years, under the new proposal, Canada might expect to obtain access for as much as 1.8 million pounds of cheddar cheese annually. In addition, the special quota of 1.2 million pounds on aged cheddar cheese will be of particular interest to Canada as the world's premier producer of specialty aged cheddar. Canadian producers have won for themselves on the U.S. market a wide acceptance of this premium product.

These relaxation measures are a most welcome step forward in opening up the United States market for Canadian cheddar.

Mr. Speaker, I understand this announcement is being made simultaneously in Washington.

Some hon. Members: Hear, hear.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, the announcement today of the increase in the quota on cheese going into the United States is, I hope, the end of a long debate between the two countries. In my view the imposition of quotas by the United States on cheese going into that country was a definite infringement of the GATT principle. After long years of negotiation they have finally accepted the idea that our share should be increased.

• (3:00 p.m.)

The second point I want to make in regard to the quota on cheddar cheese is this. When the turkey problem arose in Canada some years ago the Americans protested on the ground that this was in breach of GATT. The question that comes to my mind is, does this mean that the two countries are beginning to get rid of all those breaches of GATT which have accumulated between us, or is this just an isolated policy?

NATIONAL FRUIT OF CANADA

PROVISION FOR DESIGNATION OF McINTOSH APPLE

Mr. H. C. Harley (Halton) moved for leave to introduce Bill No. C-162, respecting the national fruit of Canada.

Some hon. Members: Explain.

Mr. Harley: Mr. Speaker, this bill would name the McIntosh apple the national fruit of Canada. This fruit is a native product of Canada, and it is suitable that it receive this recognition.

Motion agreed to and bill read the first time.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—RESOLUTION RESPECTING POSSIBLE DELAY

On the orders of the day:

Mr. Melvin McQuaid (Kings): Mr. Speaker, my question is directed to the right hon. Prime Minister. Would the Prime Minister inform the house whether he has yet received the resolution passed unanimously yesterday by the Prince Edward Island legislature protesting the announced readjustment of the timetable for the next phase of the Prince Edward Island causeway, and what does the government propose to do about the protest?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I have not received the resolution, though I have heard from the Leader of the Opposition about it. We will consider the resolution as soon as we receive it.

INDIAN AFFAIRS

COURT DECISION RESPECTING PROVISION OF MEDICAL CARE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, a week ago today the Minister of National Health and Welfare said that either on Friday or the following Monday he would give me the government's decision with respect to supplying health services to the native Indian population, as a result of the decision of the Appeal Court of Saskatchewan on the medicine chest case. Since a week has elapsed, I wonder whether the minister could tell us what decision has been arrived at.

Hon. A. J. McEachen (Minister of National Health and Welfare): Mr. Speaker, in reply to my hon. friend I should explain that upon later examination it was concluded that this was a matter more within the competence and jurisdiction of the Minister of Northern Affairs and National Resources and I presume, but I would be glad to check, that he is dealing with the matter.

Mr. Douglas: A supplementary question, Mr. Speaker. Could I ask the Minister of Northern Affairs and National Resources whether any decision has been reached. As I pointed out in the question I asked a week ago today, the native Indians must decide fairly soon whether to register an appeal against the decision of the Saskatchewan appeal court, and it is therefore a matter of urgency.

Inquiries of the Ministry

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): No, Mr. Speaker, but the whole matter is under review.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. I wonder whether I could ask the minister to speed up his review because of the importance of the time limitation attendant upon the possibility of an appeal.

Mr. Laing: Yes, Mr. Speaker.

[*Translation*]

AIR CANADA

LACK OF FRENCH SPEAKING MEMBERS OF STAFF

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Transport.

In view of the fact that we have just received the latest annual report of Air Canada and there is no French speaking Canadian among its executive directors, is the minister ready to go in front of that company's headquarters, together with the Minister of Immigration—

Mr. Speaker: Order.

Mr. Grégoire: May I ask a supplementary question?

Mr. Speaker: No, because the first one was ruled out of order.

[*English*]

EXTERNAL AFFAIRS

NATO—REMOVAL OF CANADIAN TROOPS FROM FRANCE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is to the Secretary of State for External Affairs. Has the government of Canada received any communication from the government of France regarding the decision of President de Gaulle to require the removal of Canadian NATO troops from French soil by April 1, 1967? If so, what is the reaction of the government to such a request?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the house has already been informed of the aide memoire of March 10 in which the government of France informed the Canadian government of its

intention to withdraw from NATO's integrated defence program, and to require that Canadian and United States forces assigned to NATO be either withdrawn from France or transferred to French command.

I should like to inform the house that we have now received a further aide memoire, dated March 29 but delivered only late yesterday, setting out the views of the government of France on the timetable which it considers might be followed.

We are now studying this further communication. For the present I would only say that the press reports concerning the dates the French government has in mind appear generally consistent with the information in the aide memoire which we have received. Our understanding with the French authorities is that the text of this communication will be made public on April 1, which is tomorrow. I will therefore table the aide memoire tomorrow.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): With further reference to that question, Mr. Speaker, is the date April 1, 1967, enumerated in the second aide memoire as the date designated for the removal of Canadian troops from Metz and Marville? When the minister is giving his reply will he say, in view of the report that the United States are contemplating the removal of nuclear arms from French forces in Germany, whether the Canadian government has been consulted in this regard, and what is the attitude of the minister in this connection?

Mr. Martin (Essex East): With regard to the reported decision of the government of the United States, I am not in a position to comment on the validity of that report.

Mr. Diefenbaker: Has there been any consultation?

Mr. Martin (Essex East): I have no information on that question, Mr. Speaker, other than what I have seen in the newspapers, although there has been consultation among the 14 governments in the NATO council on the position taken by France.

Mr. Thompson: A supplementary question, Mr. Speaker. I would ask the minister whether it is correct that April 1, 1967, has been the deadline stated by the French government in this aide memoire.

Mr. Martin (Essex East): It has been agreed with the government of France that the aide memoire will be tabled tomorrow, and I would prefer not to take issue in any way with the agreement that we have made.

Mr. H. A. Olson (Medicine Hat): I have a supplementary question, Mr. Speaker. Could I ask the Minister of National Defence whether Canada will be making arrangements to move these troops to bases elsewhere in Europe, or is it the intention to bring them home to Canada?

Hon. Paul Hellyer (Minister of National Defence): No, Mr. Speaker. This is a question which is under consideration by the government at the present time and it will be subject to consultation. When the policy is decided it will be announced in the normal course.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I did not quite understand the minister's reply. The hon. member in his question mentioned bringing these troops home to Canada. Is that also under consideration?

Mr. Hellyer: I should think that in the consideration is included all the possibilities and options which are available to the government, of which that is one.

RHODESIA—REPORTED STATEMENTS BY COMMONWEALTH SECRETARY GENERAL

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. My question is based on one asked yesterday by the Leader of the Opposition of the Secretary of State for External Affairs with regard to certain statements made by Mr. Arnold Smith, secretary general of the commonwealth association, concerning Rhodesia.

Has the minister now had an opportunity of examining the remarks allegedly made by Mr. Smith and, if so, is the Canadian government in agreement with those observations?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, it must be noted first of all that Mr. Smith is at the present time not officially responsible in the same context that he was when he was a Canadian public servant, to the government of Canada. I have had a transcript made of the remarks of Mr. Smith and these are now being studied. I will be glad to see that my hon. friend gets a copy of them. I have also arranged to send a copy to the Leader of the Opposition, who raised this matter yesterday.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, as I asked the question yesterday it was, does the government of Canada agree with these extraordinary statements which are purported to have been made by the secretary general, or is this just the view of the secretary general without regard to Canada's views or the views of other commonwealth countries?

Mr. Martin (Essex East): Mr. Speaker, when my right hon. friend sees the transcript I am sending him he will observe that the transcript does not correspond in precise terms with my right hon. friend's interpretation of yesterday.

Mr. Diefenbaker: May I suggest that the minister read the quotations in the press reports. All three press reports are to the effect that I quoted yesterday.

TRADE

POSSIBLE REPRISALS AGAINST CANADIAN COMPANIES IN U.S. MARKET

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I should like to address my question to the Minister of Trade and Commerce in view of the guide lines laid down in the letter to foreign subsidiaries in Canada. Has the minister heard of any cases of Canadian companies which have large sales in the United States hesitating to deal with the six countries on the forbidden list under the United States act because of fear of retaliation by the United States government regarding Canadian goods entering the United States.

Hon. Robert Winters (Minister of Trade and Commerce): No, Mr. Speaker, I have not.

AGRICULTURE

CHEESE—ABILITY OF PRODUCERS TO FILL U.S. QUOTA

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to ask the Minister of Agriculture a question based on the statement made by the Minister of Trade and Commerce. Does Canada have enough cheddar cheese to fill the increased quotas announced to the United States, or should Canadian dairy farmers be encouraged to produce more of this excellent product?

Inquiries of the Ministry

Mr. Speaker: Order. I am inclined to consider this question, though very important, one which should be placed on the order paper.

[*Later:*]

Mr. Olson: Mr. Speaker, I wonder if you would allow me to make a plea asking you to reconsider your ruling and permit me to ask the Minister of Agriculture a question for the following reason; that new, substantial additional markets have opened up for Canadian cheese, and farmers would like to know about this because the major producing season is just before us.

Mr. Speaker: To help the farmers I shall allow the Minister of Agriculture to answer.

Hon. J. J. Greene (Minister of Agriculture): To help the farmers, Mr. Speaker, I am willing even to transgress the sacred rules of this house.

Some hon. Members: Oh, oh.

Mr. Greene: I assure my hon. friend that production now is extremely good, and I feel certain that the farmers of Canada will be able to fill all needs for domestic as well as for foreign markets.

Mr. Muir (Cape Breton North and Victoria): On a point of order, Mr. Speaker. Since the question just asked was ruled out of order and then permitted, and as my question was ruled out of order, might I be permitted to put it again? I was ruled out of order on a question with respect to workers. I wonder if the minister might be allowed to reply to my question.

Mr. Speaker: Order, please.

POWER

NELSON RIVER—FEDERAL AGENCY TO CARRY ON NEGOTIATIONS

On the orders of the day:

Mr. Richard Cashin (St. John's West): Mr. Speaker, my question is addressed to the Minister of Mines and Technical Surveys. I wonder whether the minister could inform the house whether a federal organization has yet been set up to finalize arrangements between the government of Canada and the government of Manitoba pertaining to the Nelson river power development.

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): Yes, Mr. Speaker.

Atomic Energy of Canada has been selected by the government to be the agency responsible in these negotiations and in the implementation of the agreement. The proper authority will be delegated to Atomic Energy of Canada for that purpose.

May I underline the fact that it was highly desirable to select an agency which has the competence and the organization to handle a project of this type and magnitude.

HISTORIC SITES AND MONUMENTS

GUELPH, ONT.—HOME OF LATE COLONEL JOHN McCREA

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, this question is addressed to the Minister of Northern Affairs and National Resources. Would the minister give consideration to making the home in Guelph of the late Colonel John McCrea, the immortal poet who wrote "In Flanders Fields", a national historic site?

Mr. Speaker: This question should be placed on the order paper.

LABOUR CONDITIONS

VANCOUVER—POSSIBLE WORK STOPPAGE BY AIR TRAFFIC CONTROLLERS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Minister of Transport. I wonder whether he has anything to report to the house concerning the possibility of a work stoppage by the air traffic controllers at Vancouver international airport?

Hon. J. W. Pickersgill (Minister of Transport): Yes, Mr. Speaker. It has been decided—and the decision was taken before the suggestion was received from the headquarters of the union, though it is in accord with the ideas they have expressed to us—that a group of senior officials of the department should go to Vancouver to look at this situation and attempt to iron out the grievances there. This is being done immediately.

[*Translation*]

MONTREAL—PROTEST AGAINST DECISION OF LABOUR RELATIONS BOARD

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, may I put a question to the Minister of Labour?

[Mr. Pepin.]

Is the minister or a cabinet committee on which he sits prepared to meet the representatives of the C.N.T.U. in connection with the conflict between unions at the C.B.C.?

[*English*]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the Prime Minister has indicated that he will designate a cabinet group to receive representations from the C.N.T.U., the C.L.C., railway brotherhoods and other interested groups, and then recommend a course of action. Unfortunately these meetings cannot take place until after Easter, but all the unions and the brotherhoods involved have been notified that such meetings will take place at the earliest convenient date in April.

POINT EDWARD NAVAL BASE—JOB PREFERENCE FOR EMPLOYEES

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is directed to the Associate Minister of National Defence, whom I always find most co-operative. May I ask the minister whether he is aware that according to complaints made to me in the form of a telegram from the National Defence Employees Association at Point Edward Naval base, tradesmen are being brought from the Halifax dockyard to close out this base, and that it is the request of the association that qualified personnel now employed there be retained and receive employment in this closing out procedure? May I also ask the minister—

Mr. Speaker: Order.

Mr. Muir (Cape Breton North and Victoria): —whether he would use his good offices to investigate this alleged situation—

Mr. Speaker: Order, please. The hon. member knows that he cannot read a telegram or a message of this nature in the course of asking a question.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, on a point of order, with all due deference to Your Honour I did not quote from the telegram. I read from notes of the question I posed. I just wanted the minister to see that I did have a telegram.

[*Later:*]

May I direct a question to the Associate Minister of National Defence and ask him whether he will investigate the alleged

discrimination against workers at Point Edward naval base?

Hon. Léo Cadieux (Associate Minister of National Defence): Yes, sir.

FREIGHT RATES

LUMBER—APPLICATION FOR INCREASE ON SHIPMENTS FROM NORTHWESTERN ONTARIO

On the orders of the day:

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, could I complete an incomplete answer which I gave the hon. member for Port Arthur yesterday. The hon. member asked me about the imminence of an increase in freight rates on lumber shipments from northwestern Ontario and I did not have all the information.

I have now been advised that the railways have not yet filed their tariffs with the Board of Transport Commissioners. Thirty days will be required, if they do, before the tariffs can come into operation, and during that time anyone who wishes to take objection to them will be free to do so.

DOMINION-PROVINCIAL RELATIONS

REQUEST FOR STATEMENT ON EQUALIZATION FORMULA

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the Minister of Finance. Is the minister in a position to indicate when he will elaborate on the government's intentions with regard to the equalization formula, especially as it applies to the Atlantic provinces?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, this is a major part of the negotiations with the provinces which are now going on within the tax structure committee. When we have proceeded with those discussions to a sufficient point, and when the premiers have met and ratified the results of the discussions of the ministers of finance, the government will then be in a position to announce their findings.

AIR TRANSPORT

TORONTO-CHICAGO—SERVICE BY TWO CANADIAN CARRIERS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I have a question for the Minister of Transport. Has Canada recently been given the right to put two Canadian air carriers on the Toronto-Chicago run under the Canada-U.S. air agreement and, if so, will Canadian Pacific Air Lines and Air Canada each be allotted one of these runs?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, with regard to the Toronto-Chicago run the hon. gentleman will no doubt recollect that Air Canada has been flying that route for a long time. The new route is the Montreal-Chicago route.

[*Later:*]

Mr. Hees: I should like to direct another question to the Minister of Transport now that he has had an opportunity to read the report which appeared in the newpapers this morning dealing with the remarks made yesterday by Mr. J. C. Gilmer, president of Canadian Pacific Air Lines, dealing with the Toronto-Chicago run. Would the minister be prepared now to make any comment on the remarks Mr. J. C. Gilmer is reported to have made yesterday on this matter?

Mr. Pickersgill: I think the only remark I could usefully make at this moment is that the government's present intentions were announced the day before yesterday, and I should be glad to send the hon. gentleman a copy of that announcement. I do not think it would be wise at this stage of our proceedings to enter into speculation.

WATER RESOURCES

REPORTED MEETING BETWEEN BRITISH COLUMBIA AND ALASKA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. Has the minister's attention been drawn to a meeting between representatives of the government of British Columbia and representatives of the state of Alaska with respect to the joint development of two large hydroelectric projects in our north? If so, has the minister any comment to make with respect to this meeting between representatives of the province and a foreign state when our government is giving consideration to the question of a national water policy?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, since receiving notice of my hon. friend's question I have made some inquiries, and I know of no such meeting.

Inquiries of the Ministry

COMPANY OF YOUNG CANADIANS

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is addressed to the Prime Minister. As it is nearly one year since the initial announcement was made with regard to the Company of Young Canadians; since we are fast approaching the time when young people will be considering involvement in this endeavour for the beginning of the term of September, 1966, I wonder whether we could have some indication from the Prime Minister as to when some legislation with respect to the Company of Young Canadians might be placed before this house.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should be very happy indeed if we could get this legislation before the house, but how soon that will be after the Easter recess will depend, of course, on the progress we make in regard to other legislation. The interim director of the company and the interim board are holding meetings over the week end, and I hope to be able to make a statement next week, before the Easter recess.

ADMINISTRATION OF JUSTICE

QUESTIONING OF DRAFT DODGERS IN CANADA BY F.B.I.

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): While I am on my feet I might answer a question asked yesterday by the right hon. Leader of the Opposition, as to whether any arrangement has been made with the authorities of the United States whereby agents of the federal bureau of investigation may enter Canadian homes for the purpose of questioning alleged draft dodgers, without the presence of the Royal Canadian Mounted Police or without the consent of that body.

I have checked into this matter, Mr. Speaker, and I wish to confirm that there are no such arrangements.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): May I ask a question arising out of the answer made by the right hon. gentleman. Has the Prime Minister not received any complaints from at least two places across Canada that investigations are being carried on by F.B.I. agents or representatives of the United States who, unaccompanied by the R.C.M.P., have been making searches in Canada?

[Mr. Martin (Essex East).]

Mr. Pearson: Yes, Mr. Speaker, I have received such complaints, and I am informed that inquiries in Canada requested by the federal bureau of investigation are normally conducted, when they are required to be conducted, by the R.C.M. Police, or the police force having local authority.

The hon. gentleman may recall that there is on the order paper question 1151 of March 24, dealing with certain specific complaints. There will be a reply to that question either next Monday or at the latest next Wednesday, going into the matter in greater detail.

CANADIAN CITIZENSHIP

REGINA, SASK.—INQUIRY AS TO APPOINTMENT OF JUDGE

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, my question is addressed to the Minister of Citizenship and Immigration. In view of the announcement in today's press of the appointment of a judge to the citizenship court in Sudbury, can the minister tell the house when a similar announcement will be made about Regina?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Very shortly, Mr. Speaker.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. John Loney (Bruce): My question, Mr. Speaker, is for the Minister of Veterans Affairs, or in his absence it may be addressed to the acting minister. On March 21 in reply to a question the minister stated that the inquiry into the procedures and organization of the Canadian Pension Commission being conducted by Mr. Justice Wood would complete its hearings either late this month or early next month.

Would the minister inform the house whether the inquiry has completed its hearings? If so, when does he expect the report will be available?

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a supplementary question, Mr. Speaker. Can the minister advise as to when the amendments to the pension legislation, which the minister promised in 1964, will be brought before the house?

LABOUR CONDITIONS

DESIGNATED AREAS—CONSTRUCTION OF BUILDINGS UNDER ARDA

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): I should like to direct a question to the minister in charge of the ARDA program, Mr. Speaker, and ask the minister if the government is contemplating the building of factories or industrial plants in designated areas under the ARDA program?

Mr. Speaker: It seems to me that this is the type of question which should be placed on the order paper.

[*Later:*]

Mr. Webb: I rise on a question of privilege, Mr. Speaker. The answer given to my question by the minister just now was "no". However, this past week I was informed by two members of the crown that these factories are being built under the ARDA program.

Mr. Speaker: Order, please. I do not believe that is a question of privilege.

NORTHERN AFFAIRS

ASSISTANCE TO LOCAL SCHOOL BOARDS ACCEPTING INDIAN CHILDREN

On the orders of the day:

Mr. George Muir (Lisgar): I should like to direct a question to the Minister of Northern Affairs and National Resources. Can the minister tell the house what funds the government provides for local school boards which accept Indian children in their elementary schools, to help them provide the necessary funds for their classrooms and other operating costs.

Mr. Speaker: That question should be placed on the order paper.

INQUIRY FOR RETURNS

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I should like to direct an inquiry to the Secretary of State. I would ask the hon. lady if she will make inquiries and take appropriate action to lay on the table of the house papers called for in motions Nos. 41 and 42, which were agreed to by the house on February 2. These have to do with ship operating and shipbuilding subsidies in British Columbia, and are a matter of urgent concern.

Hon. Judy V. LaMarsh (Secretary of State): I should be glad to undertake to do that.

INTERPRETATION ACT

INQUIRY AS TO INTRODUCTION OF AMENDMENTS

On the orders of the day:

Mr. Erik Nielsen (Yukon): May I ask the Minister of Justice whether it is the intention of the government this session to introduce any legislation dealing with amendments to the Interpretation Act of Canada, and if so, whether these amendments can be brought before parliament at the earliest possible opportunity because of the wide range of legislation any such amendments would affect.

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, we are contemplating amendments to the Interpretation Act, but I can give no commitment as to when that legislation may be brought in.

[*Later:*]

Mr. Cardin: May I take this opportunity of adding to the answer I gave to the hon. member for Yukon. I can inform him that the amendments to the Interpretation Act are now before the banking and commerce committee of the Senate.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to put a question to the Minister of National Defence.

Following the recent appearance of strange and mysterious objects flying over Toronto and elsewhere, does the minister intend to institute an inquiry to find out whether this is not a violation of national sovereignty?

[*English*]

Mr. Speaker: That question might be placed on the order paper.

HEALTH AND WELFARE

QUEBEC—DEATHS ATTRIBUTED TO BEER DRINKING

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I am about to ask a question that has no personal connotation. I would ask the Minister of National Health and Welfare whether the federal Department of National Health and Welfare has completed its investigation into the series of fatalities in the

province of Quebec following the alleged consumption of beer. Has any indication of contamination such as botulism been found as a result of the examination?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the Department of National Health and Welfare was informed by a physician in Quebec city on March 19 that there was a hypothetical possibility of a casual relationship between beer drinking and a new form of primary cardiomyopathy. Cardiomyopathy is a subacute or chronic disorder of the heart muscle of unknown or obscure etiology.

The patients involved were reported to be in the habit of consuming large amounts of beer, in all instances not less than eight quarts per day.

An investigation was immediately launched by officers of the food and drug directorate of the department in close collaboration with the Quebec Department of Health. The physician who reported these cases has been interviewed, as well as other persons associated with the problem. The information available to the Department of National Health and Welfare indicates that there had been approximately 40 suspected cases reported over a period of a few months, with 16 to 18 deaths.

The plant producing the suspected beer was thoroughly investigated and all relevant records examined by officers of the food and drug directorate with the full co-operation of the brewing company involved. No evidence was found of any major change in the method of manufacture or the composition of the beer. Samples of all ingredients as well as the finished product were obtained, and these are now being examined in the laboratories of the food and drug directorate.

I am informed that tests have been conducted under the direction of the Quebec Department of Health for a number of metals in the finished product. Similar tests were carried out on two other brands of beer. The levels found in all cases were within the normal range.

All the alleged cases have been in the Quebec city area. The investigation is being pursued with the utmost vigour in close co-operation with the Quebec Department of Health and municipal officers of Quebec city. Hospitals and physicians responsible for the care of these patients have given all possible assistance. I have been informed that on the suggestion of the deputy minister of health for the province of Quebec, a committee has been established by the pathologists of the teaching hospitals affiliated with Laval University. One of the senior members of this committee has been charged with the responsibility of pursuing a detailed pathological study of the cases involved.

No direct relationship between the consumption of the suspected beer and the cases of heart failure has been established. Other factors not yet identified may be involved in these cases.

However, the brewery involved has informed the Department of National Health and Welfare that as a precautionary measure they intend to withdraw from the market and destroy under government supervision all existing stocks of beer produced in their Quebec city plant. This is a voluntary action taken on the initiative of the company but with the full knowledge and agreement of the Quebec Department of Health and the Department of National Health and Welfare.

I thank the house for its indulgence in allowing me to give this rather detailed answer to the important question which was raised by the Leader of the Opposition.

Mr. Greene: May I point out that there are never any such problems with milk.

Some hon. Members: Oh, oh.

Mr. Jack Roxburgh (Norfolk): I should like to ask the minister whether his department is giving serious consideration to looking into the effects of the drinking of alcohol on public health in Canada. Is he putting money aside to look into the effects of drinking on health?

Mr. Ricard: Also tobacco.

Mr. Keays: Can the minister tell us whether it was bottled beer or canned beer?

Mr. MacEachen: I understand that the investigation has not fully disclosed the exact source, whether it was bottled, canned or draft beer, or a combination of all three.

Hon. J. A. MacLean (Queens): A brief supplementary question to the Minister of National Health and Welfare. Can the minister say whether there are samples of this beer still available to his department for any additional tests which may be required?

Some hon. Members: Oh, oh.

Mr. MacLean (Queens): Of a scientific character, of course.

Mr. MacEachen: My information is that a large number of cases of this beer have been taken over by officers of the department, and it is understood the investigation will be a long term one.

Mr. Diefenbaker: So there may be no mistake, I raised the question, and I dissociate myself from any implications in the suggestion of my hon. friend.

Some hon. Members: Oh, oh.

FARM MACHINERY

INQUIRY AS TO LEGISLATION RESPECTING TIED SALES

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): My question is addressed to the Minister of Justice. I should like to ask whether there is any intention of introducing legislation this session in connection with a recent report of the restrictive trade practices commission, particularly with regard to the prohibiting of so-called tied sales in the farm implement industry.

Hon. Lucien Cardin (Minister of Justice): I will take the question as notice and bring it to the attention of the President of the Privy Council.

AGRICULTURE

REQUEST FOR ASSISTANCE FOR CHEESE FACTORY AMALGAMATIONS

On the orders of the day:

Mr. Lee Grills (Hastings South): After the kind comment by the Minister of Agriculture a few minutes ago comparing milk with something else, I should like to ask the hon. gentleman a question on another subject. Now that the cheese export market seems to be enlarging—and I am glad about that—will the minister impress on Treasury Board the need for some assistance to cheese factory amalgamations for which applications have been made?

Hon. J. J. Greene (Minister of Agriculture): I will certainly give consideration to that suggestion.

AERONAUTICS ACT

Hon. John N. Turner (for the Minister of Transport) moved the second reading of Bill No. C-153, to amend the Aeronautics Act.

He said: Mr. Speaker, this bill was introduced in almost its present form two or three years ago. The object is to amend the

Aeronautics Act so as to permit the making of regulations concerning fees and other matters calculated to enhance the safety of air travel and so as to enable changes to be made in the composition of the Air Transport Board and to consolidate the powers of the board.

The amendments are in the main intended to clarify existing legislation and to consolidate some of it. With your indulgence, Mr. Speaker, I will review some of the questions which appeared to be contentious on the last occasion the bill was introduced.

• (3:40 p.m.)

The proposals with regard to charges for facilities and services provided by the Department of Transport will not basically change the present system of tariffs which the department has imposed under the Financial Administration Act. I think that is important because the charges contemplated by the Aeronautics Act are already allowed under section 18 of the Financial Administration Act. However, as a result of consultation with the Department of Justice it has been decided that it would be desirable to have the authority for these charges placed in the Aeronautics Act, where it more properly belongs.

The department at the present time makes various charges in connection with its airports and various facilities. They vary from collecting landing fees from aircraft to charges for communication services which may be provided, land and building rentals, and so on. This bill provides that these may henceforth be assessed under the Aeronautics Act on the basis of regulations approved by the Governor in Council, and the charges may be made either in relation to the use of the facilities or to the general provision of a service required by aviation, in other words, not only the use of a facility or service but the availability of a service or facility as well. It is necessary to embody both concepts because in some cases the charge may be related to the actual use of a facility but in other cases the air lines may require a facility to be provided which can be more easily provided on the basis of general availability.

I can give the house two brief examples. Our airport landing fee is a charge for the specific use of the landing facilities. Our terminal service charge is for the use of facilities of a joint nature such as joint baggage handling areas and passenger marshalling areas. The provision of a new type of radio aid to navigation might require a

charge, but it would be impossible to tell in the course of any year on how many specific occasions any one aircraft might use this facility.

The objective of a system of charges for air facilities is to make our airports self-sustaining, and in fact this objective is already being achieved at our largest airports. Progress toward this objective must be gradual and charges cannot be imposed in a manner or at a rate which make it impossible for aviation and for the aviation industry, commercial and non-commercial, to grow. On the other hand, it is reasonable that the users of these facilities should make some payment toward them rather than expect the total cost to be borne by the general taxpayer.

I should now like to make one or two short comments relating to international aviation. At an earlier stage, when this bill was introduced three years ago, it was felt that the government should have the right to levy charges for these services on aircraft operating outside Canada where, nevertheless, such aircraft were depending in the course of flight on the availability of facilities and services provided by the Canadian government in Canada. That would relate to overflights, international flights over Canada that neither began nor terminated on Canadian soil. This was a source of concern to the international air lines which felt it might become a dangerous precedent for other countries, and in addition there would be the question of the levying of the charges and the relationship between the charges and the costs.

As a result of extensive consultation between the Department of Transport and the international air lines, as represented by the International Air Transport Association, it has been concluded that this particular provision should be withdrawn so that the present legislation will apply only in respect of operations within Canada. This is reflected in clause 1 of the bill. I would be prepared, Mr. Speaker, to deal with specific questions as they come up either on second reading or in the committee stage.

Mr. Erik Nielsen (Yukon): Mr. Speaker, when this measure was last before parliament in the form of Bill C-117 I made fairly extensive criticisms of it, chief among which were criticisms with respect to the two deletions which the minister has mentioned. This bill, if the minister will permit me to differ with him, is not in almost the same form as the bill presented in 1963. It is in quite a different form.

Two of the main objections which were taken at the time of its first introduction were with respect, first, to the inclusion of the provision that any charge authorized by the bill would constitute a debt due and owing to the Crown. In that respect this bill is not almost the same. As a member of his profession the minister well knows that the original provision meant that all the government had to do was to render an account to an international air line and that would immediately constitute a debt due and owing to the Crown, with all that that implies.

Without requiring to go to court the government could obtain a writ of extent from the Exchequer Court, close the offices of all the international air lines and seize all their aircraft that might be in Canada at the time on the basis of such a writ of extent. I can only say that we in this party are very happy that the government has seen the light and has removed that extremely objectionable feature from the bill. I had hoped the minister might have made reference to the strong representations made from this side of the house when the bill was debated in 1963 in addition to his reference to IATA.

The second objection which was taken was with respect to the inclusion in Bill C-117 of the right of Canada to make charges for the use of facilities outside Canada, and I would point out to the minister that a strong case was made from this side of the house on that feature in addition to the representations on behalf of international air lines.

This very objectionable feature has also been removed from the bill, although it is not yet clear so far as the new bill, C-153, is concerned whether Canada will have the right to impose the intended charges in the Gander control area, which is Canada's responsibility with respect to international air commitments but still lies outside of Canada's sovereignty. The minister knows that we maintain facilities in the Gander control area which lie outside Canadian jurisdiction and I ask him, is it the intention of the government to impose charges with respect to these facilities? That is a question that requires to be answered.

The minister has stated that the proposed amendments do not make any change in the system of charges now imposed under the Financial Administration Act. I recall that during the debate on the previous bill, and since then during discussion of the estimates

of the Department of Transport, I asked several questions which went unanswered with respect to the charges that had been made in the past under the Financial Administration Act and which I assume the Department of Justice finally recognized were illegal charges.

As the minister knows, there were accounts rendered to several international air lines. I asked how the government arrived at the amounts upon which these accounts were rendered and whether it had to ask the accountants' offices of the international air lines concerned before it even knew the amount of the bill to be rendered.

The minister has said with respect to charges imposed for the use and the availability of facilities and services offered by the Department of Transport that there should be, and there was, justification for a specific charge against users and that this was the principle upon which the bill was proceeding. This, I suggest to the minister, is a wrong principle. I suggest there is no fundamental difference between the obligation on the Canadian taxpayer to supply facilities for the users of our air highways and the obligation to provide highways on the ground for those who drive automobiles. The introduction of the principle of making charges for these facilities is, I think, a wrong one. Perhaps I may be standing alone in that view. I have a somewhat closer interest than most. Incidentally, I might assure the minister that my recent arrears in landing fees have been brought up to date. I might, however, draw that analogy to the minister's attention and ask him what other countries which are signatories to the International Civil Aviation Agreement have imposed such charges? I think this question has to be answered.

• (3:50 p.m.)

There is another objectionable feature which I will point out now and then wait for the minister's reply before proceeding further with it. It appears in the bill and is the principle contained in subsection 2 of the new section 3A. This subsection reads:

> Any regulations made under subsection (1) may authorize the minister to make orders or directions with respect to such matters coming within this section as the regulations may prescribe.

In Bill C-117 you will find that the power to make regulations was confined to the Governor in Council. I am one of those who take strong objection to any increasing encroachment on legislative powers by the Governor in Council. However, I think this is taking matters to the extreme in that not only has the Governor in Council the power to make regulations but the Governor in Council now has the power simply to pass one regulation which in effect will say that the minister will have all the powers of regulating which by this amending section he is purported to be given.

It is wrong in principle to allow the minister to do everything in the way of making regulations that this section would empower him to do. I think that is an objectionable feature and it should be removed from the bill. For the minister's information, the provision to which I referred, subsection 2, was not in the last bill, Bill C-117.

I have some general comments to make. Section 3A, as you will note, is divided into two subsections, the first subsection being again subdivided. I do not think any objection can be raised to the parliamentary intent set forth in paragraph (a) (i). The government is being empowered by this paragraph to prescribe charges or fees for services rendered by the Department of Transport to aircraft which in effect request the information or the service which is provided. This type of charge would be based in law on the principle of contract, since the aircraft has requested the information which is being supplied to it or the service that is being rendered.

Similarly, under the same subsection charges will be imposed, as the minister has pointed out, for the use by any aircraft of airports maintained by the Department of Transport. During his introductory remarks the minister mentioned that it was desirable to see airports administered by the Department of Transport self-supporting. I am wondering and I have wondered, since I have travelled long distances frequently and used the Department of Transport facilities, whether there is any great contribution being made to the federal treasury by these ten cent turnstiles which permit travellers to view the activities on the airports across the country. An even more pertinent observation can be made with regard to the obligation of the travelling public in the use of the public washrooms maintained by the Department of Transport. I can see perhaps a scintilla of argument here in respect of men's washrooms, but I am afraid I cannot draw a parallel as to the need in respect of the functioning of women's washrooms. It would be interesting to know just what the revenue is from these ten cent contributions at airports across the country.

Here again, in respect of the use of the airports maintained by the Department of Transport I would suggest to the minister that the charge is based on the law of contract and therefore is subject to one reservation. No objection can be taken to the intent expressed in subsection 1. The charges levied under subsection 1 will apply to both Canadian and international or foreign aircraft. My reservation, however, relates to the value of the wording used in subsection 1, and it arises from the fact that parliament would not be imposing a specific charge for any services rendered, nor is there any maximum charge limit with regard to the provisions.

I am going to refer to the Chicago convention of 1944 to which Canada was a signatory and in which it was stated that when imposing charges against aircraft there cannot be discrimination between Canadian registered and foreign aircraft. I suggest to the minister that that discrimination exists here.

You will find in article 15 of that convention, page 37, the following wording in respect of the imposition of these charges:

> Any charges that may be imposed or permitted to be imposed by a contracting state—

And Canada is one.

> —for the use of such airports and air navigation facilities by the aircraft of any other contracting state shall not be higher . . .
>
> (b) as to aircraft engaged in scheduled international air services, than those that would be paid by its national aircraft engaged in similar international air services.

At the same time, under the Air Canada Act the Department of Transport is prohibited from charging Air Canada aircraft for such services at rates that are higher than those levied against competitive aircraft by the United States government. This statutory restrictive provision has existed since the inception of this particular statute in 1937, and was commented on in the recent report of the royal commission on government organization, the Glassco report, volume 3.

• (4:00 p.m.)

There is a further authoritative study of Air Canada which refers to the same restrictive provisions. It is entitled "The First Twenty-Five Years—A Study of Trans-Canada Air Lines", as it was known, by Mr. Ashley, published in 1963. At pages 5 and 6 of this study the author has summarized the main provisions of the Trans-Canada Air Lines Act by quoting extensively from the first annual report of Trans-Canada Air Lines. This point was dealt with in that report in exactly the same way and I want to quote what he said:

> The government is responsible for the operation and maintenance of emergency landing fields, lights and radio beams, and the furnishing of weather reports, without charge to the corporation; provided that when the revenues of the corporation in the opinion of the minister will permit, charges may be imposed such as are charged for other similar competing coast to coast services in North America.

Professor A. W. Currie, one of Canada's foremost authorities on the economics of transportation, wrote a very learned article entitled "Some Economic Aspects Of Air Transport" in 1941. He commented in that report about the same limiting factor, and these are his words:

> The government is to provide landing facilities, beam and meteorological services without charge until the revenues of the corporation permit a charge, not exceeding charges levied in the United States to be made . . . A perusal of the main features of the act indicates clearly that Trans-Canada is to be operated with constant reference to United States lines.

I take that quotation from the *Canadian Journal of Economics and Political Science*, 1941, No. 1, page 13, at line 20.

This limiting factor against the imposition of charges by the Department of Transport for services provided still exists in the Trans-Canada Air Lines Act. If the minister has followed this argument, the nub of the point is, therefore, that under subsection 1 of section 3A, as worded in Bill C-153, parliament has no control over whether the charges imposed by the Department of Transport are within the limitation as to amount required under the Trans-Canada Air Lines Act. This is an important point since it is generally considered that to date the scale of charges imposed by the United States government for similar services is quite low.

Subject to this one reservation relating to subsection (1), the objections of the international air lines, as I understand them, concern the wording of what is now subsection (2) of section 1. It is submitted that this subsection in its present form is far too wide and far too arbitary in character.

I will now relate the particular objections to subsection (2). The criterion, and here is where I differ with the minister, with respect to the use of the word "availability" in this legislation has been established that the basis in law for these charges is the availability of a government service. It is submitted that this is much too vague and is therefore wrong in principle. This is all the more so since this

subsection at one time attempted to make foreign air lines liable to user charges while they were flying beyond the territorial limits of Canada. This feature has now been removed.

Mr. Turner: With respect, Mr. Speaker, it does not apply to flights beyond the territorial limits of Canada. It only applies to flights within Canada, not on the high seas.

Mr. Nielsen: As I read the legislation it does not make it clear that international carriers would not be responsible for paying charges for the use of facilities when flying over Canada because, as I understand it, Canada has territorial jurisdiction from the ground up in law.

There is an even more fundamental objection to the principle upon which this subsection is based, and that objection springs from the ordinary canons of tax law. This is a field in which the minister has more experience than most having regard to his background in the profession. I think he will agree with me that under ordinary canons of taxation a tax must be certain and must be equitable.

Mr. Turner: This is not a tax; it is a charge.

Mr. Nielsen: The minister says this is not a tax but it is a form of a tax. This is the imposition of charges for the use of facilities.

Mr. Turner: It is a charge for services rendered.

Mr. Nielsen: It is a charge particularly for the use of radio facilities on the basis of availability, and it is only that point I am dealing with now. I am not dealing with the availability of airports or charges for the rental of space, buildings or hangars at airports. I am only dealing with the availability of services which may or may not be used by any aircraft using Canada's air space and which are simply there by virtue of the fact that they permeate the very atmosphere.

I do not think it can be said that a tax in the form of a user charge is certain if liability is based upon the vague criterion of the availability of some government service. Who is going to determine in a given instance whether a service is available? I direct this question to the minister. The minister knows as well as I that a service, particularly those provided in the field of electronics by way of navigational aids to aircraft using Canadian air space, may or may not be available at any given time. How are you going to establish whether it is available at a given time? Even if it can be ascertained that a service is available, why should a charge be imposed if the user has no need of it? Is it the intention of the minister to make a regulation imposing a standard charge on all aircraft using Canadian air space simply because a service is available and whether or not the aircraft using that air space wants to use the facility? It seems to me that that would be wrong in principle.

I believe this is particularly so since the Department of Transport has attempted to impose such user charges under the Financial Administration Act because they did not have any specific legislation before under which they could impose these charges. They tried to use the vehicle of the Financial Administration Act for that imposition of charges, which was an illegal use of that act. They called them radio facility fees and charged $64 a flight as far back as January of 1960. These charges were levied against flights of international air lines which at all times were well beyond the territorial jurisdiction of Canada.

Such radio facility fees were based on the criterion of availability and that criterion has been carried over into this bill. As examples, one can cite the Pan-American flight from New York to Bermuda, the S.A.S. polar flights from Europe to Alaska and Japan passing over the Russian side of the north pole and the Swissair flights from Switzerland to New York, diverted toward the Canadian coast because of the holding of military air exercises. This is another interesting consideration in respect of the imposition of these charges. What about the flight from Toronto to Chicago partly using Canadian air space and partly using United States air space?

• (4:10 p.m.)

I understand that the United States has not imposed any similar charges for the use of facilities provided over their country. What happens in this instance with respect to the international carrier on the one hand and the domestic carrier on the other? I could in this respect mention the newly inaugurated flight from Montreal to Chicago.

Mr. Turner: It does not apply to this kind of flight. It applies to flights over Canada.

Mr. Nielsen: The minister says it does not apply to this kind of flight. This is the kind of thing that has to be made clear. The

minister will recall that when the 1963 session was prorogued the announcement was made that a Canada-United States agreement had been concluded for the purpose of providing greater safety at times of peak air traffic. Under the agreement that was concluded it was stated that air traffic control centres in either country would be extended to 50 miles beyond the border of the country concerned whenever conditions warranted.

I suggest to the minister that at such times it would be possible for Canadian authorities exercising air traffic control, which Canada would, in that 50-mile strip south of the United States border to route all United States air traffic within the 50-mile limit inside the Canadian border. The minister shakes his head, but it is possible under that agreement. The minister knows that when aircraft are using Canadian air space they are under the control of air traffic control and do what they are told. As a safety measure this seems perfectly acceptable and indeed desirable; nevertheless it does throw that possibility into the field of discussion of this bill.

It is my submission that the international air lines recognize that the services Canada provides cost money. These services cost a national government money and must be paid for as far as possible. At the same time, the cost of such services to each international air line must have some direct bearing on the value of the service to the aircraft in question. This result cannot be achieved if the availability of a service is the only test whether there will be a liability. Perhaps a better, fairer and more appropriate criterion for determining liability would be need of a service by a foreign aircraft resulting from a contract.

If this cannot be achieved with efficiency perhaps the better alternative would be to come to an international arrangement under the auspices of ICAO. Perhaps that would be the better solution. The minister might inform the house whether the provisions in this bill have been discussed with any international air organization such as ICAO, IATA or any other.

There was an objection with regard to clause 2 of this bill when it appeared in the form of clause 2 of Bill No. C-117 and empowered the governor in council to make regulations. The clause in Bill No. C-117 stated that the Governor in Council could, if it so desired, make regulations imposing a user charge upon foreign aircraft. Undoubtedly it would have to be admitted that such a user charge would represent a form of tax imposed against the owner of the said aircraft. As clause 2 was drafted, parliament had delegated the right to impose a specific tax of this kind to the Governor in Council. It is even worse now, because the delegation by parliament has gone beyond the Governor in Council and that power has been delegated to the minister himself.

I believe this is an infringement on the taxation jurisdiction which parliament should not be asked to accept unless it is the intention to spell out in the bill itself the limitation intended to apply to such a tax. The minister says it is not a tax, but it is a form of tax particularly when it has reference not to the rental of buildings but to the use of facilities. It would be different if there were a contractual relationship whereby foreign or domestic carriers had agreed that they would pay a specified sum over a specified time for the use of a specified facility, but when the criterion is based on the general availability of any service it is no longer based on contract but is in the form of a tax. There is quite a distinction, which I do not believe the minister will accept, but I am not merely splitting hairs here. There is a very valid distinction between the imposition of a charge for the general availability of services and the charging of rent for the use of specific property. So I suggest that this principle in the bill is objectionable.

I shall leave the remaining clauses of the bill until we reach them, because I have specific comments with respect to other clauses. Before concluding my remarks, however, I make the general observation to the minister that the government these days appears to be—I say this with all respect to the dedication of the officials of the Department of Transport with respect to the direction they are taking and the objectives they wish to achieve—overwhelmingly concerned, almost to the exclusion of general aviation, with commercial aviation in this country. There is really an overabundant concern with commercial aviation and almost a neglect to foster and encourage the growth of general aviation in this country, particularly with regard to the north. In the north private companies and individuals have gone to the extent of establishing radio facilities at their own expense because it was said there was no need for such facilities or they were too costly. There are two instances in the Northwest Territories where this has occurred and private companies at their own

expense have established facilities so they would not have to fly long hauls of 500 and 600 miles with nothing whatsoever to aid them in navigating from point to point.

It would be outside the scope of this bill but I could discuss a good many gaps in the encouragement of general aviation in the north. I shall not do so. But it is certainly reasonable to expect the department to look a little more enlighteningly at the question of general aviation across the country and the atrocious charges that are made in the way of landing fees and hangar rentals. Here I perhaps have another vested interest, but I am not going to bring the matter to the point of a vote or anything like that. However, it is pertinent to point out that the charge of $17 a month for parking a light aircraft outside in the winter is just outlandish. To move that light aircraft into an unheated hangar costs the user on the average between $50 and $60 a month. That is the charge just to use hangar space which is not even heated. This is absolutely ridiculous. You are not going to encourage people to own and fly aircraft, which I suggest is a desirable thing in this country, a pioneer in the aviation field, with this kind of approach. I believe it is time that the personnel in the department took a second look at this question. We all know that these bills are not the brainchild of the minister, whoever may be holding the transport portfolio. These bills are the brainchild of the Department of Transport itself.

• (4:20 p.m.)

So, Mr. Speaker, through the minister I should like to make this plea on behalf of general aviation in Canada because the bill does touch on charges to the user of facilities and services provided by the Department of Transport. I am not going to propose any amendments at this stage; I cannot in any event. But I would suggest to the minister that one which should be made is that the word "availability" in the proposed section 3A (1) (b) should be deleted and that the word "user" should be substituted in place thereof.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, in opening the discussion on second reading the minister mentioned the fact that many of the regulations under debate relate specifically to safety. In my brief remarks this afternoon I want to address my words to the question of safety regulations.

Mr. Turner: Safety in the air.

Mr. Grafftey: Safety in the air. While I think that most aeronautical experts will agree that the situation is not perfect at the present time and that there is much progress to be made, I think most Canadians and most citizens of the United States of America owe a great vote of gratitude to the air industry with respect to safety measures. The record of the air industry in relation to safety has been truly little short of magnificent, even though I have already stated, Mr. Speaker, that there is much progress which can be made.

For example, what has happened in the United States during the year 1965? If I put some statistics before the house this afternoon we need only divide them by ten to ascertain the situation in Canada. While 55,000 people died on the highways of the United States in 1965 only 1,000 people died during the course of commercial airline flights. I think I am correct in stating that actually more millions of man miles were flown in the air than millions of man miles were driven on the highways. If we divide those figures by ten, then generally speaking we have the Canadian situation.

Why is it, Mr. Speaker, that this afternoon the minister is able to discuss in the house some pretty sophisticated safety regulations both with regard to navigation—

Mr. Turner: It is a question of jurisdiction. We have primary jurisdiction.

Mr. Grafftey: Yes, that is right. That is a good point and I was going to get down to it. I am putting the question rhetorically, as the minister will see.

Why is it that we can discuss sophisticated regulations at the present time? Why do we have very good safety regulations for aircraft today? It is simply because millions and millions and millions of dollars have been spent on safety research regarding air navigation and aircraft. In fact, the department for which the minister is speaking this afternoon very kindly furnished me with a memorandum in the last week or two which sets out the federal control over the production of ships, aircraft and rolling stock on the railways with specific relation to safety measures.

We find in the Aeronautics Act—frankly, Mr. Speaker, I may be getting away from the specific act now but the minister can put me straight—which is administered by the Department of Transport that aircraft are licensed only if they reach certain standards of

airworthiness and safety. The same is true of trains and ships.

I should like to make brief mention of another subject though still staying on the point I have raised on second reading of this bill. Let us just see what happened regarding the unfortunate air crash at Ste. Thérèse just over two years ago. I have made brief mention of this matter before in the house. Over 100 people were killed in that unfortunate crash. The federal government through the Department of Transport commenced to reassemble the aircraft at the scene of the accident piece by piece. The operation was continued at Dorval airport. A judicial inquiry was held. I have made some very general investigations, Mr. Speaker, but I think I am correct in saying that when you look at the costs incurred by the National Research Council and the Department of Transport you will find approximately $5 million was spent on research into the cause of this accident.

I do not think I will be out of order if I say in passing that every week in Canada over 100 people die on our highways. After the ambulance or morgue wagon has removed the bodies the wrecks are towed away. But not one single cent is spent on research into the cause of highway deaths and injuries.

In closing may I say that we owe a great debt of thanks to government officials and to the aircraft industry for the wonderful safety record they have had up to now. Though I have said that we can expect much progress in the future, the fact is that they have a great safety record. But it is only great because of the millions and millions of dollars which have been spent on research, thus enabling the minister to talk of safety regulations in the manner he has this afternoon.

It has been pointed out this afternoon that aircraft come under the rule of law. We shall probably be discussing during this session the fact that ships are under the rule of law just as in a matter of weeks we will be discussing the fact that rolling stock on our railways are under the rule of law. It is my hope that the day is not too far distant when millions and millions of dollars will be spent on research into deaths and injuries caused by highway accidents. I hope that in the same way as we are discussing safety in relation to aircraft we will be discussing safety regulations relating to federal control over the production of automobiles and obligation upon manufacturers to incorporate scientifically proven safety features in automobiles at the production level.

[Mr. Grafftey.]

Unfortunately, Mr. Speaker, we cannot do this today because we have not established jurisdiction. We have not even prepared any findings in this regard because nothing has yet been spent on research into the problem. Again I return to the fact, which I have probably repeated two or three times this afternoon, that we are only able to enter into a discussion of safety with the minister today on second reading of this bill because over many years we have acted federally in a positive way in regard to this matter.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I do not want to keep the house from hearing the minister but there are one or two observations I intended to make. While realizing that we do not discuss the various sections, on second reading nonetheless I feel that during the course of my remarks I must make reference to a couple of matters that were dealt with by the hon. member for Yukon (Mr. Nielsen). I express the hope that the minister will have been impressed with these arguments and will make the necessary changes to meet the criticisms advanced by the hon. member for Yukon.

• (4:30 p.m.)

I must say that I am impressed with some portions of these amendments, particularly those that deal with the establishment of a board of inquiry to investigate the situation respecting any accident involving an aircraft. While in the past there have been investigations, the lack of power in the holding of an investigation was apparent on more than one occasion, and I think this new provision is an admirable advance. However, there is one section to which I take the strongest possible objection. We must not as a parliament advance the rights of ministers to the point of actually making laws. That is what we are doing in this case. The Governor in Council, of course, must have the power to make regulations. This is incidental to the exercise of the necessary authority to carry out the general principle inherent in the legislation, and it is always so. But I cannot conceive what reason impels the government to ask for the power that any regulations made may authorize the minister to make orders or directions with respect to such matters coming within this section as the regulations may prescribe.

This is a power that is not needed. We have dealt with this point on more than one occasion. We must resist the continuing invasion of the legislative rights of parliament by

an administrative bureaucracy that finds it easier to make regulations than to provide legislation to cover eventualities that must necessarily arise in the carrying out of legislation. I impress on the minister, and I do not want to see a division on this, that this is a subsection which ought to be removed.

One could go back over the years and read all the various criticisms which have been made of the continuing advance of those who establish a form of administrative lawlessness whereby parliament in the exercise of the need of assuring that legislation will be carried out in detail grants extraordinary rights to the Governor in Council to make regulations. There is no reason why the minister should have the right to make regulations. The Governor in Council must necessarily have that right; otherwise the act could not be made effective. I object in the strongest possible way to parliament giving to a minister the right to make orders with respect to matters that come within the purview of the Governor in Council's power.

This is something that has been strongly objected to by political scientists everywhere. My mind goes back to the first serious attack made by one occupying a high position in the United Kingdom. Lord Justice Hewart, in his book "The New Despotism", with which members of the house are fully acquainted with, in which he points out the danger.

I am not one who takes objection to the Governor in Council having the power provided parliament has given that power. But I do object to and can see no reason for the Governor in Council in turn giving to the minister the right to make regulations. This is a denial of the general principle of law, *Delegatus non potest delegare*—authority to delegate is not given to those who are delegated.

Listening to the arguments advanced I have been impressed with the lack of requisite need for the minister to have that power, and I am going to appeal to him in this regard. If he would sooner have a vote on this matter, that is for him to say. But I do take the strongest possible objection, not because I have any minister in mind, not at all —what I say is not said in that spirit—to this shortcut that will enable the Governor in Council to sublet the right to make regulations to the minister.

Mr. Nielsen: In a taxing bill it is even worse.

Mr. Diefenbaker: I have not looked into the nature of the powers sought in this regard, but the hon. member for Yukon has raised a strong argument that this would enable the minister to impose in fact an impost which has all the attributes of taxation. Whether or not that be so, and I must say that I was impressed with the argument, I would ask the minister this question. Why do you need that power? This is an extra, decorative acquisition of power on the part of the minister which he ought not to have.

I do not want to appear as objecting to needful authority being given to make regulations. But this goes too far. I hope that the minister will feel constrained to look into this. It is not needed. The Governor in Council can give this authority. Why then must it rest in the minister?

I can place a great deal more trust in the passage of Orders in Council that have the authority of the Governor in Council than I can in having the authority vested in the minister. That is the situation in the United Kingdom. Over there they have taken the strongest possible objection to this sort of thing. The parliament of the United Kingdom has existed for a long time. It has taken the strongest possible objection to the invasions in these areas of power that have taken place under successive governments by the bureaucracy which likes shortcuts in the interests of efficiency and immediate effectiveness.

It would not take the minister long to place the matter I have suggested before the Governor in Council. It might be that those who have not sat in cabinet might consider that such a course would take a long time. As a matter of fact, it does not take any time at all. One accepts in cabinet the recommendations of the minister regarding the Orders in Council that are necessary. That is his responsibility to the whole field of cabinet authority and it makes possible the acceptance of his recommendations. That is so unless in fact there is something so extraordinary in what the minister recommends as to shock the collective conscience of the executive.

I suggest to the minister, and I say this in a spirit of co-operation and desiring to assure that we shall not take these preliminary steps to get away from the Governor in Council, that we should not give the minister the authority to be a lawmaker. If parliament once embodies such authority in one case the pathway of today can become the highway of

tomorrow. We would create a dangerous precedent. I am sure the minister will give every consideration to this suggestion. It in no way weakens the amendments but it does maintain the strength of the parliamentary system in the exercise of the authority to make regulations.

• (4:40 p.m.)

I turn to one other matter, the proposed increase in the number of members of the Air Transport Board. From my own experience I am inclined to agree that an increase is necessary. The Air Transport Board has a tremendous field of responsibility and the various areas of Canada each have their own needs and requirements. There are, I think, four or five such areas across this nation, each having a different set of problems, and I think an increase in the size of the board is a step in the right deirection.

However, I have known in the past—the minister shakes his head. He already knows what I am going to bring up. It shows he has the power of apperception even before communication is made—

An hon. Member: Extrasensory perception.

Mr. Diefenbaker: Yes, in a philosophic sense I suppose we call it extrasensory perception. It is very valuable. But it has been known upon occasion that when boards are increased in numbers those who had occupied positions thereon lose their appointments. I am sure the minister does not have this in mind. There are three members on the Air Transport Board today in respect of whom I should like to have the hon. gentleman's assurance that not only will they be entitled to reappointment, as stated in the bill, but that they will be reappointed and that this proposal in no way constitutes a form of circumlocution whose purpose is to bring about the removal of any member of this board.

The views I have expressed are placed before the house in the most co-operative spirit. I think they are reasonable and fair and they are based upon the experience which was mine when I headed a government. I believe them to be valid in the national interest and I hope the minister will give consideration to them.

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to speak on a matter which concerns the safety and the comfort of air passengers. Today, more and more of our older people are flying. Also, included among the younger people who fly are a great many who suffer from coronary weaknesses and other chronic diseases. They, like other passengers, are often obliged to walk long distances and climb flights of stairs before boarding or after leaving their planes. I have noticed that sometimes they have to stop to take medication to help them on their way. I think we should provide, in close proximity to the airfield itself, sheltered places—

Mr. Speaker: Order. I hesitate to interrupt the hon. member when he is discussing a matter of such importance but I must remind him that our discussion now should be limited as far as possible to the principles of this bill to amend the Aeronautics Act. I have glanced rapidly at the measure before us and I see no reference in it at all to what the hon. member for Simcoe East is now saying.

Mr. Rynard: I will rapidly draw my remarks to a conclusion. Before you assumed the Chair, Mr. Speaker, hon. members were talking about safety. I am concerned about the safety of the passengers who use these planes. Though many of these men and women are quite able to carry on their affairs in a normal way, unusual exertion could be dangerous to them and I should like to ask the minister whether he will undertake to do something to reduce the distances which must be walked at our airports and thus make things easier for the people to whom I have referred.

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. John N. Turner (Minister without Portfolio): Mr. Speaker, I wish first to deal with two points raised by the Leader of the Opposition. The right hon. gentleman took exception—and I can understand his doing so—to the terms of clause 1 of the amendment relating to the new section 3A(2). This type of delegation of powers already exists in the Aeronautics Act. Section 4(2) of the present act reads as follows:

> Any regulation made under subsection (1) may authorize the minister to make orders or directions with respect to such matters coming within this section as the regulations may prescribe.

In other words, this is a power within the scope of the present act which authorizes the Governor in Council to make a regulation giving power to the minister to make orders or give directions. I use those two words advisedly. He is not given power to make

new regulations but to make orders or directions with respect to such matters as come within the section.

This section has come into play in a number of emergency situations. For instance, section 4(1)(a) of the present act refers to regulations governing the licensing of pilots and others engaged in the navigation of aircraft and provides for the suspension or revocation of such licences. I am sure hon. members can readily contemplate that in certain circumstances quick action is needed and that the minister should have authority under the regulations to make an order or direction for the suspension or revocation of a licence.

Mr. Nielsen: Would the minister not agree that this is a vastly different situation from the kind of power which is being sought in the amendment in the bill before us?

• (4:50 p.m.)

Mr. Turner: Yes it is, but I want to explain to hon. members how it was that this particular clause was inserted in the amendments. I should imagine it was inserted there on the advice of the law officers of the Crown in furtherance of the existing section in the statute. In other words, it is not a novel situation to have a form of subdelegation within the Aeronautics Act. I will get to the point raised by the hon. member for Yukon in just a moment.

Section 4(1)(d) of the present statute concerns regulations with respect to the conditions under which aircraft may be used and operated, and again I think hon. members would recognize that the minister must have immediate power to make orders or give directions affecting that sort of matter. Within the amendment as proposed the subclause, with respect, does not confer upon the minister the subdelegated power to make regulations but only to make orders or give directions. In other words, the subdelegation is narrower than envisaged by the Leader of the Opposition (Mr. Diefenbaker). However, having consulted with the officials of the department I am advised that they can live with the elimination of this particular subclause.

As a matter of fact, I may advise the house that when we get into committee on this particular subclause we would be prepared to have it dropped, and I want to thank the Leader of the Opposition and the hon. member for Yukon for drawing it to the attention of the house. I do not think that within its scope it is nearly as dangerous as the hon. member for Yukon wished to portray it, but I do recognize the principle involved.

I should now like to go into the other matter raised by the Leader of the Opposition. As a matter of courtesy to him may I say that his fears, of which I had a certain extrasensory perception, are in no way justified. I am advised that the clause does not invalidate the terms of the present three members. In passing may I say that someone in the chamber asked me who the members of the Air Transport Board are. They are J. L. G. Morisset, chairman, J. R. Belcher and G. R. Boucher, Q.C. I am sure I can give the undertaking that their appointments will in no way be affected by this amendment.

The hon. member for Yukon mentioned a number of arguments which, with the consent of the house, Mr. Speaker, I would like to deal with in turn. I am well aware of the hon. member's own prowess and experience in the air, having flown with him on many occasions throughout his own constituency, and if that is not a pioneering spirit I want to know what is, Mr. Speaker. It was one of the most adventurous tours I ever made while serving as a member of this house and I pay full tribute to his skill at the controls.

The bill refers to flights within Canada. It does not contemplate jurisdiction for charges for availability of services over the high seas. Therefore it is my understanding that the Gander control area would not be affected. But lest I misled the house by inadvertence in my initial statement may I say it would include that part of an international flight over Canadian territory.

The hon. member for Yukon suggested that because we are now incorporating these charges under the authority of the Aeronautics Act their legality was in some doubt or subject to question while depending on the authority of the Financial Administration Act. Let me read section 18 of that act:

> Where a service is provided by Her Majesty to any person and the Governor in Council is of opinion that the whole or part of the cost of the service should be borne by the person to whom it is provided, the Governor in Council may, subject to the provisions of any act relating to that service, by regulation prescribe the fee that may be charged for the service.

Therefore we can justify landing fees, telecommunications fees, hangar storage charges, aircraft parking charges, goods storage charges and aircraft moving charges. The

present bill to amend the Aeronautics Act would authorize all of these charges to be assigned pursuant to the Aeronautics Act.

The hon. member's point was whether the Financial Administration Act constituted authority for charges for the availability of services. Without entering into a legal interpretation let me just say in reply to him through you, Mr. Speaker, that the present amendment would remove any doubt that there might have been as to the justification for this.

Mr. Nielsen: At this point may I ask the minister if there are any actions still pending over the right of the government to collect the charges levied under section 18 of the Financial Administration Act?

Mr. Turner: I cannot give an answer to that question. I merely cite the principle that no act is retroactive under common law and no matter what this bill achieves it will not affect retroactively the validity of any charge made previously.

Mr. Nielsen: The charges were not paid before and actions were brought, as the minister knows.

Mr. Turner: Well, if the charge was invalid then it will not be validated by this particular amendment. I was asked how the charges are calculated. I am sure the hon. member for Yukon is aware of the manual information circular as to the present fees and charges and I would assume that the method of calculation would remain the same under this amendment.

Mr. Nielsen: No. That document does not cover the point of availability of electronic navigable aids and the charges made therefor.

Mr. Turner: Now we are talking about the availability charges, and I will deal with that in due course.

Mr. Nielsen: I might say I do not agree with the charge.

Mr. Turner: I would now like to deal briefly with the philosophical argument introduced by the hon. member for Yukon that because the highways are free to the users thereof, subject to licence charges and gasoline tax, then the use of facilities available to non-commercial pilots should involve the same rights and privileges. I quite realize that he would not object to hangar charges or to the gasoline tax.

[Mr. Turner.]

Mr. Nielsen: Just the amount.

Mr. Turner: He says merely the amount, but then we all have that particular problem. Let me say that much as I want to encourage an increase in the flying business and the pursuit of flying in this country, I do not think the day has yet arrived where the number of pilots and private planes involved justifies the self-supporting, no-charge treatment that the millions of users of our highways now enjoy.

I am sure that day will come. I look forward to the encouragement of the opening up of this country by way of commercial and non-commercial private air travel as much as does the hon. member. Let me say too that what we are talking about, within the present regulations in any event, is somewhat narrower than would appear at first blush because, for example, under the present regulations no fee or charge is payable in respect of a landing at an airport, other than Montreal, Toronto and Vancouver, of an aircraft not based at the airport which is owned and operated by a flying club or an aircraft over 5,000 lbs, not based at the airport, and owned and based at a flying school. The fourth exemption is a private aircraft not weighing over 5,000 lbs. Therefore the extent of these fees and charges is not as wide as the hon. member would have us believe.

• (5:00 p.m.)

Mr. Nielsen: I know the minister would wish me to point out that this is a recent change and that these charges at other airports are now included in the gasoline taxes. They were imposed at most of the Department of Transport airports.

Mr. Turner: I will interpret that as a rhetorical question, Mr. Speaker. Let me say also that the department is in constant touch and negotiation with the various private flying associations, and I would hope they would continue to do so in order that the objectives sought by the hon. member will be achieved and eventually there will be no distinction between commercial and non-commercial use of our airways and landing facilities. I would contemplate this over the years.

Let me say also that I am advised in respect of the Trans-Canada Air Lines Act that these charges contemplated and already imposed under that act in no way are higher than they are in the United States. I would point out to the hon. member that there is no

single United States level because their airports vary under municipal control. The additional federal levies, such as the transportation tax and many other United States charges, are much higher than ours and they have types of charges which we do not have. On the other hand, other United States charges I do concede are lower.

Turning now to the substance of the hon. member's argument about charges for the availability of services, let me say first of all that these charges do not constitute a tax. A charge for a service rendered or a service which may be rendered is not the imposition of a tax so far as I am concerned under any definition of the common or statute law. What we contemplate here by available services are such things as weather information, use of radio ranges, beacons, other navigational items and the electronic aids with which I know the hon. member is familiar.

I should like to submit to the house that there is no contractual relationship here. These services are held available for the safety of our air lines. I was glad to see the hon. member for Brome-Missisquoi (Mr. Grafftey) stress that aspect of these regulations. They are understandable services in the case of need. They may be voluntarily required. They may be required under times of stress or for the furnishing of needed information.

Let me put this to the hon. member. These charges are no different in effect from the pilotage charge imposed upon an owner or master of a vessel coming up a ship channel where the pilotage charge is compulsory. For the use of the owner, and in the interest of safety, we impose upon the owner and master of a vessel the obligation to take a pilot aboard. Let me say also to the hon. member, who shares the same profession I do, that it is quite customary for lawyers or other consultants to operate on retaining fees, the basis of the retainer being that the lawyer, accountant or management consultant should be available in terms of service no matter whether he actually renders a service during any calendar year. I know that the retainer fee is a contemplated and quite usual form of professional conduct and in no way could be considered as a tax by the person who is rendering or who is available to render the service.

I wish to say to the hon. member that the concept of these charges for facilities available for flights within Canada has been discussed with the international air lines. In my earlier statement I mentioned that the International Air Transport Association had been consulted. It also was a subject of consultation with all or most international air lines both through meetings and by letter. The air lines did not object to the principle of availability once the departmental officials had limited it to Canadian air space only. All they objected to before as I am sure the hon. member knows, was the extraterritorial implication in the earlier bill. They asked the assurance of the Department of Transport that the charges would be reasonable in relation to the cost of providing these services. The department gave the international air lines the assurance that they would be consulted before the department passed regulations in respect of any charge of this particular type. I am led to believe, Mr. Speaker, that they have accepted this undertaking on behalf of the departmental officials. I feel I have covered all the points raised by the hon. member for the Yukon (Mr. Nielsen). Perhaps he can correct me when we get to the particular clauses. In closing may I say that I sympathize very much with the remarks made by the hon. member for Simcoe East (Mr. Rynard) because we in Montreal particularly have a walk of at least a quarter of a mile from some of the international flights to the main body of the airport. I certainly will draw this matter to the attention of the officials, many of whom are sitting in the official gallery.

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

On clause 1—*Regulations.*

Mr. Turner: Mr. Chairman, in accordance with my undertaking I recommend to the committee that clause 1 be amended by the deletion of subsection 2 of the new section 3A.

Mr. McCleave: May I ask the minister whether subsection 1 would not go as well since there are only two paragraphs in 3A?

• (5:10 p.m.)

Mr. Turner: I do not follow that.

Mr. Nielsen: I believe what the hon. member for Halifax meant to say was that you would have to refer to the wording of the previous bill, C-117, and section 3A would be divided only into two basic subsections. We have in the present bill subparagraphs (i) and (ii). You are now deleting subsection 2 of the

proposed new act so that (a) would become 1 and (b) would become 2.

Mr. Turner: I am sure the numbering will take care of itself. The only deletion is in respect of the present subsection 2 of the new section.

The Deputy Chairman: Hon. members have heard the proposed amendment. Is it the pleasure of the committee to adopt the amendment.

Some hon. Members: Agreed.

Mr. Nielsen: Mr. Chairman, I raised one other point having regard to availability. The minister dealt quite adequately with facilities and services provided but he has not satisfied me regarding the levy of a charge for availability of facilities. He drew the example of retainers in the professional field as an analogy but I suggest there is no analogy there. Even if there were, in that case there is a service being offered to the one who pays the retainer, that service being the agreement of the one retained not to act against the one who pays the retainer.

As another example the minister used the field of pilotage regarding ships using our navigable waters. In my submission this also is not a good analogy because as he knows these pilotage fees are only payable when the ships are in fact using the pilotage services or when they are compelled to use them. In this case you are dealing with facilities which no one is compelled to use. These electronic navigational aids are available to the general air space users without compulsion.

During the second reading stage I posed a specific question which the minister might answer. Does any other country which is a signatory to the international air agreement make any charges for the availability of electronic navigational facilities? I hope Canada is not seeking to establish a precedent in this field because the international agreement itself covers this very point.

As I pointed out before, Canada is a signatory to the international air agreement which at page 29 sets forth the following:

> Each member state undertakes, so far as it may find practicable, to make available such radio facilities, such meteorological services, and such other air navigation facilities as may from time to time be required for the operation of safe and efficient scheduled international air services under the provisions of this agreement.

There is in any event an obligation upon Canada to provide the kind of facilities in respect of which it is being sought to levy a charge because of the mere availability of them.

The minister made a further point regarding my analogy in connection with highways to the effect that we have not yet reached the position where, because of the number of aircraft and users of these facilities, we can afford to pay the cost of erecting and maintaining them. May I point out to the minister that before this bill was proposed no such charges were made for electronic navigational aids in Canada. We are now breaking entirely new ground.

Mr. Turner: The industry is moving forward.

Mr. Nielsen: As I have pointed out, Canada has been a pioneer in the promotion of the growth of aviation.

Mr. Turner: Perhaps this is a pioneering change.

Mr. Nielsen: We do not want to stifle that growth by the imposition of an unacceptable precedent. I believe there are valid analogies, which the minister tried to draw but failed, on the other side of the coin and I want to point out one or two.

A good example of parliament's attitude toward the kind of tax I suggest this is is demonstrated by the export duty on electricity which was imposed until the 1963 federal budget which time it was repealed. For many years the authority to levy an export duty on electricity was established under the Exportation of Electricity and Fluids Act and later the Exportation of Power and Fluids and Importation of Gas Act. Under both those statutes it was enacted that the Governor in Council could make regulations imposing export duties not exceeding $10 per horsepower per annum on power exported from Canada.

At this point it will be observed that in each of those two power statutes there was a delegation from parliament to the executive of the right to impose a tax but with the notable exception that in these power statutes, and this was the point I was trying to get across during second reading, a maximum tax was established by parliament. That is not the case in respect of this proposal. In this case no maximum rate is established anywhere in the bill. Even in the provisions of the Financial Administration Act, as the minister well knows, there was a maximum rate of $64 established. Here there is no such expression of limitation.

As recently as 1959 the government of that day decided as a matter of policy that the discretionary authority given to the executive to establish and export duty on power, within a statutory maximum, should be removed and the entire right restored to parliament. This was achieved by placing this power tax under the Excise Tax Act where it is today in section 8. The exact rate of tax was spelled out.

Certain things were said by the minister of finance of that day and if the present minister wishes to find his words they appear in *Hansard* of May 19, 1959, at page 3820 as well as in the Senate *Hansard* of June 17, 1959, at page 839.

The user charge provided in this bill would clearly have a bearing on the revenue of the federal government and therefore it would be a taxation provision. This being so, I submit that the better parliamentary practice requires that the imposition of such a tax should be established by parliament and not by an Order in Council of the executive.

• (5:20 p.m.)

I could cite further authority for the minister but I will not hold up the proceedings of the committee. I suggest to him once again that the idea of imposing a charge for the mere availability of a service has no precedent whatsoever. The analogies he has drawn are poor ones and they cannot be compared with the situation which is being created by this bill. I suggest it would be cured by the removal of the word "availability" and simply leaving the matter on the basis of use.

There is one further, minor suggestion I would make to the minister. When he speaks later perhaps he will explain why this suggestion should not be adopted. I can see no reason for including in paragraph (b) in the second line the words "wherever resident". It seems to me that if use and availability are to be the criteria—and I suggest that the latter would be an improper criterion to use—it makes little difference whether these words are there at all because the criterion is an aircraft that is using the service and it makes no difference where the owner or operator might be resident.

Mr. Turner: Mr. Chairman, I do not want to get into an argument on whether it is a charge or a tax. I simply restate the submission I made to the house during second reading, namely, that this is a proper charge and there is ample precedent for giving the Governor in Council the power to make regulations in respect of such charge for the use of services. With regard to charges for services that may be held available, this provision has become necessary because of the development of the air industry and new means of safety control involving weather information, radar, radio and electronic control. In the interests of safety in the air these services must be held available and it is in the interests of this country to impose a charge commensurate with the cost of providing these services for the benefit of air lines both domestic and international. It is in the interests of safety in the air that the air lines bear a share of these charges.

This type of charge is accepted as legal by the International Civil Aviation Organization. I am advised that the United States is considering an additional transportation charge for this very purpose. President Johnson recently made a request to Congress for this type of charge, using a different means but having the same goal. I am also led to understand that the United Kingdom is considering a systems charge for approaches. Australia has imposed a charge which we believe is similar to the availability charge but our officials do not have the details readily available.

Therefore, Mr. Chairman, there is ample precedent in that the major air nations of the world are moving, in accordance with the development of civil aviation everywhere, toward imposing this kind of charge to reimburse partially the cost of these services which are provided along the great air highways and byways of the world. They are doing this to ensure that safety requirements are kept intact and well above the minimum. That is the basis for it. We have to move ahead with the times. I can assure the hon. member that these charges will not be imposed without consultation with the air lines concerned and we have already given them our undertaking that the charges will be reasonable.

Mr. Nielsen: Mr. Chairman, the minister has just added a further argument to my case. He has not directly answered the question: Is there any other country that is imposing a charge for the availability of electronic navigational aids? The answer to that question is no. I think the minister will find that is so. Canada is breaking new ground here. Nobody is attempting to stop Canada moving ahead but I think this is one area in which the government is advancing on a wrong basis.

The minister says that in the United States additional transportation charges are now being considered in order to cover this kind of installation and maintenance in that country. That is vastly different from charging on the basis of availability every aircraft that uses Canadian air space. This is precisely, apart from general taxation that goes to the support of our highways, the principle upon which our highways system in Canada works. In other words, the provision of air safety in a country, like highway safety or any other public service, is an obligation of the general population. It is an obligation of the general ratepayer and not an obligation of the specific user, because the air lines themselves and other air users are not the only ones to benefit by the establishment and maintenance of these facilities.

The people who benefit from the establishment and maintenance of superior navigational aids are the general population in this country, everyone who uses the air lines. It would seem to me from what the minister has said that the United States is considering the imposition of an additional charge to passengers, in other words, the general public who are using air lines facilities in the United States. This is quite different from what this government is attempting to do by imposing a charge for the general availability of navigational aids in this country, and we are the first country to do such a thing.

Mr. Turner: The charge will eventually be reflected in the charge to passengers. The United States is doing it directly. This would be an indirect charge. Every nation in the world will have to insist on this type of charge for the availability of traffic control services.

Mr. Nielsen: Precisely; and it should be a matter of general taxation just as it is in the establishment and maintenance of highways in this country. Do the passengers using the public ground transportation facilities in this country have to pay a special kind of fee for using the buses and other means of transportation that travel on these systems? The more the minister considers this matter, the more he will agree with me, I am sure, that the principle of establishing safe airways and the maintenance of radio and navigational facilities in the functioning of those airways is an obligation that lies on the shoulders of every citizen of the country and not just on the users of those facilities in the form of air lines or aircraft owners and fliers. The general populace should be called upon to maintain this kind of service in the country. It is on this basis that I am pleading with the minister to reconsider the inclusion of the word "availability" in this paragraph. "Use", yes, but "availability" is much too vague and operates on a wrong principle entirely.

Mr. Barnett: Mr. Chairman, I have listened with a great deal of interest to the argument advanced by the hon. member for Yukon, and I remember the hon. member raising a similar issue earlier. I have also listened carefully to the remarks which the minister made in reply to the hon. member's points. It seems to me that on the face of it the hon. member for Yukon had the better of the argument, particularly when he drew a parallel with our highways. At an earlier stage in our history when the people who made use of the roads were a relatively small segment of the population the custom of applying tolls on road users was a fairly common one, but as we reached the point where virtually everyone used the roads the idea of charging tolls disappeared.

The minister advanced the argument that because of the growth of air travel these charges were becoming necessary. On the other hand, if I understood him correctly, the hon. member for Yukon was arguing that because of the general use being made of air services now by perhaps not everyone but at one time or another by virtually everyone in the country, the parallel situation in respect of the use of our highways was a reversal of the argument put forward by the minister.

• (5:30 p.m.)

I have not pursued this question to the extent the hon. member for Yukon has, but I would make that observation to the minister. I know that the argument he is advancing on this particular point is one which appears to be, shall I say, a creeping philosophy within the Department of Transport. It is an argument which undoubtedly will have to be the subject matter of debate on quite a number of occasions. The question of principle involved is of great concern on the west coast of British Columbia at the present time in regard to the use of facilities provided to those who use the sea lanes rather than the air lanes which are involved in this particular discussion.

I just wanted to let the minister know that I do have some interest in this question and that on balance, as the matter stands at the moment, the hon. member for Yukon seems

to have the better argument in this particular case, at least in my judgment.

Mr. Turner: Might I interject for a moment, Mr. Chairman? I had the advantage of reading the speech which the hon. member made three years ago in which he took the position I have taken this afternoon. I was hoping I would have him on my side.

May I refer him to page 5438 of *Hansard* for December 4, 1963. At the point in his speech where he was taking issue with the hon. member for Yukon for advancing the very argument he has advanced this afternoon, which is why I thought I would have the hon. member on my side when I saw him rise, the hon. member said:

> I really do not think an analogy can be drawn between the situation of a plane owner and of an automobile owner in our present society. As the owner and driver of an automobile I certainly feel I contribute substantially in the course of a year toward the operation of public facilities which enable me to drive around the country. I do not feel that an unduly high levy should be exacted from plane operators, but I feel there is some reason why they should be required to pay a reasonable amount to defray the cost of facilities provided out of public funds.

His reasons were convincing then.

Mr. Barnett: I am quite aware of the fact, Mr. Chairman, that my initial reaction to the point which has been raised again by the hon. member for Yukon was along the lines quoted by the minister. I readily admit that it is quite largely a matter of assessment and judgment. I think that one of the functions of sitting in this house is to listen to arguments which are presented and perhaps reaching a somewhat different assessment of situations as we give further thought to them. The particular emphasis placed by the hon. member for Yukon in his presentation on the question of availability has something to do, I think, with my suggestion that it is a question to which some serious thought should be given. Undoubtedly air line operators as such should and do pay taxes analogous to the kind of taxes we pay when we buy gasoline for our cars. Perhaps there is a case for some of the charges being made for the use of landing facilities and other facilities provided through the Department of Transport.

I am not dogmatic in my own mind on this question. I merely say that on balance, after having listened to this renewal of the discussion, the hon. member for Yukon has the edge on the minister so far as this argument is concerned. However, I do not intend to pursue the question at great length because I do have one or two other matters I should like to discuss on clause 1. One of them has to do with clause 2 of the bill and I hope to propose a minor amendment to that clause. If I refer to it now the minister might be able to give it some consideration and perhaps accept it.

Clause 2 is an extension of the present section 4 of the act which provides as follows:

> Subject to the approval of the Governor in Council, the minister may make regulations to control and regulate air navigation over Canada—

Then it lists a number of items in detail.

The proposal is to amend that clause by adding a number of other additional fields in which the minister may make such regulations. The one at the head of the amending clause, paragraph (k), establishes the authority to make regulations concerning the maximum hours of work and other working conditions for pilots, co-pilots, navigators and flight engineers.

I realize that in part that is a consolidation of an existing power provided in another section of the act, but the point I should like to raise with the minister is this. Since the Aeronautics Act was passed by the house there have been developments regarding maximum hours of work and other work conditions. I refer in particular to the Canada Labour (Standards) Code which parliament passed last year.

It seems to me, particularly when we are dealing with amending legislation, that we should take steps to make it clear that any authority conferred upon the Governor in Council, or in this case on the minister with the approval of the Governor in Council, to make regulations in this field should be clearly subject to the over-riding authority of the Canada Labour (Standards) Code. I believe this should be made clear in paragraph (k) of clause 2.

I think it is likely that the regulations in connection with the maximum hours of work of pilots which will actually be enacted may be somewhat more favourable, shall we say, than the maximum provided by the Canada Labour (Standards) Code, but nevertheless it does seem to me that the principle involved here is one which warrants consideration.

I would suggest a simple amendment to the proposed clause 2 by inserting at the beginning of it such words as these: "Subject to the provisions of the Canada Labour

(Standards) Code." Then the clause would continue with the words, "the maximum hours of work", and so on.

• (5:40 p.m.)

This would make it quite clear that regulations could not be made under the authority of this section of the act which would in any way be less favourable than those which are set out as standards in the Canada Labour Code. I should like the minister to consider that idea. Perhaps he may agree when we come to clause 2 of the bill to accept an amendment along the lines I have proposed.

There is one other reference I should like to make, Mr. Chairman, which I may as well make now while I am on my feet. I am pleased to see included in the proposed amendments certain provisions in regard to appeals to the minister from decisions of the Air Transport Board. I do not know whether the minister who is piloting this bill through the house will recall the matter, but a couple of years ago I raised a matter of serious concern in my area of the country involving the fact that other air lines or interveners, as I believe they are called here, might be dissatisfied with a decision of the Air Transport Board and would not have the same right of appeal as the air line which was making the application for a licence or to amend its licence. I am glad to see that the bill we have before us now does take care, as I understand it, of what at the time I argued was a quite serious omission in the provisions of the Aeronautics Act.

Mr. Leboe: Would the minister tell us approximately how much money is expected to be derived from these charges that we have been talking about? What amount will be available to the government? I am reminded that at some airports there are machines into which you can put money and get almost anything although to get a shave you have to go to the kitchen and plug in your razor. I am wondering just how far we are going to go with collecting these small amounts of money. How far are we going to go with the operation of these machines in the aeronautics business of Canada? Could the minister tell us approximately how much money is involved in this tax or charge?

Mr. Turner: I will get an estimate on that, Mr. Chairman. It is a little hard to estimate because it depends on the amount of traffic contemplated.

[Mr. Barnett.]

Mr. Leboe: Mr. Chairman, if the minister could get the amount I think it would be of some use to the committee. I suspect that not a great deal of money is involved. If not very much money is going to be involved there must be some other way in which the amount of tax, or whatever you want to call it, can be collected so that the amount of revenue can remain approximately the same.

There is a principle involved here. I agree with the hon. member for Yukon who says that we should not be operating on this basis at all. I think, as he does, that the principle is wrong.

Mr. Turner: Mr. Chairman, let me say that I have given the undertaking that the charge will not be unreasonable in relation to the cost. I want to recall to hon. members that the analogy of compulsory pilotage is not too farfetched. There are areas in international and domestic waters where compulsory pilotage is required whether needed or not, and in terms of marine safety it is well known that this is justified. In terms of the expanding areas of stand-by charges, in the light of modern methods this charge, although it might be considered novel, is certainly not unusual in the light of the expansion and development of the industry.

A good proportion of the charges for the available services will be made to international air lines flying over Canadian territory and taking advantage of the safety measures that we have by way of electronic devices and things of that sort. The people of Canada would really be subsidizing a great proportion of the world's air traffic over the pole if we did not have the power to make a charge for these available services. In effect Canada will be providing the safety measures for a good part of the world's air traffic but limited to jurisdiction over Canadian territory.

I want to bring to the attention of hon. members that while this new charge is not unusual in terms of modern safety it is only adopted because of the expanding nature and the insistent requirements of safety in the air. Canada will be responsible for a good proportion of the world's air traffic over its territory. These charges will not be unreasonable having regard to the cost that Canada will be incurring to provide these measures.

Mr. Leboe: Will these charges apply to small aircraft flying in and out of a particular home airport? I refer to an airport such as

Montreal. Will there be any charge for aircraft based there? Will there be any charges in connection with chartered aircraft that might be using these facilities?

Mr. Turner: In reply, the words of the bill are:

> The Governor in Council may make regulations . . . imposing upon the owners or operators of aircraft, wherever resident, in respect of flights within Canada, charges—

These charges, of course, will be geared to the size and equipment of the aircraft. That is the only answer I can give the hon. member on that question.

Mr. Nielsen: The minister referred to the analogy of pilotage. He is trying to show that there is an analogy on the basis of shipping in national and international waters being required to carry pilots whether or not the services are needed. That in no way is common ground with what is being attempted in this bill, which is an attempt to impose a charge for the mere availability of services which may or may not be required to be used. There is a great deal of difference between the two.

Perhaps I might mention here something referred to by the hon. member for Cariboo with respect to these charges. I have before me a table of the revenues collected from landing fees and aviation fuel and oil concessions at airports operated by the Department of Transport for the period of May 1, 1963, to October 31, 1963, some six months. The table covers all airports in the provinces and territories of Canada.

The table shows that fees charged to domestic users amounted in that period to $1,972,841.45; for transoceanic users the fees amounted to $1,916,980.47; for test flights the charges were $9,202.00; international transborder fees were $488,263.59, and fees charged by way of fuel and aviation tax at 1 cent per gallon on fuel and 5 cents per gallon on oil were $1,083,752.18.

We are not speaking about small amounts. We are speaking of the kind of charges to which I have referred. Perhaps what I say might be merged in the minister's reply to the question by the hon. member for Cariboo. It is no longer international flights that are subject to a charge or to a tax, as I call it, under this clause. Affected is the owner or user of every aircraft using the electronic navigational aids provided by the Department of Transport in this country whether he is operating a private aircraft, whether he is operating a commercial non-scheduled charter service—and goodness knows we must not do anything in my view to stifle the growth of this kind of service in the northern part of the country—or whether the operator is an international carrier.

• (5:50 p.m.)

I should have no objection whatsoever if the government wished to impose a charge for the use of this kind of facility. My objection rests solely on the inclusion in the legislation of the particular word "availability". It is functioning on a wrong principle to impose a charge on every aircraft owner in this country, or even give the authority for it, on the vague basis that the service is available and whether or not you use it you have to pay me a charge. That is like my saying to the minister: I have an empty garage at home; you have to pay me $50 a month for it whether or not you use it. That principle is wrong, and the use of the word "availability" in this legislation would allow that to happen.

Many aircraft used on non-scheduled work and, indeed, on commercial scheduled work do not contain the sophisticated electronic equipment which is capable of using the kind of facilities provided in Canada. For instance, OMNI is used extensively in the southern part of Canada but in the northern part we have not got it, and for us in the north to be charged for the use of a facility like that when it does not assist us would be wrong.

Progress reported.

Mr. Peters: Mr. Speaker, may I suggest that with the consent of the house we adjourn after royal assent until eight o'clock?

Mr. Speaker: Order. I would suggest that this should be considered when we return from the other place.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Speaker: Pursuant to standing order 39A the following matters will be discussed at ten o'clock this evening: The hon. member for Winnipeg North Centre (Mr. Knowles), The Canadian Economy—effect on pensioners of increasing cost of living; the hon. member for Gaspé (Mr. Keays), Northern Affairs —construction of replica of "Grande Hermine" for Expo '67; the hon. member for Hastings South (Mr. Grills), Income Tax—allowance of municipal taxation on farm homes.

Motions for Papers

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

• (6:00 p.m.)

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to amend the Bank Act and the Quebec Savings Banks Act.

An act to incorporate Evangelistic Tabernacle Incorporated.

An act to authorize the construction of a bridge across the St. Croix River between the Province of New Brunswick and the State of Maine.

An act to amend the Judges Act.

An act to amend the Admiralty Act.

An act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1967.

An act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1966.

Mr. Peters: Mr. Speaker, a few minutes ago I made the suggestion that we might be well advised to adjourn for a supper hour and return at eight o'clock, with consent. Do we have that consent?

Some hon. Members: No.

• (6:10 p.m.)

Mr. Speaker: It being after six o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions (papers), private bills and public bills.

MOTIONS FOR PAPERS

NORRIS COMMISSION

The house resumed, from Thursday, February 10, consideration of the motion of Mr. Orlikow:

That an order of the house do issue for copies of all the working papers prepared for the Norris commission by the chartered accountants hired by the commission and deposited by Mr. Justice Norris with the Department of Labour.

[Mr. Speaker.]

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, on the last occasion the house was discussing the question of the production of papers respecting the Norris commission it was suggested that the house did not have the authority to order such papers tabled by virtue of the legislation itself, which is quite true. It was pointed out by the Parliamentary Secretary to the Minister of Labour (Mr. Mackasey) that the commission was set up under the Industrial Relations and Disputes Investigation Act and that section 56 (5) states specifically with reference to section 33 of that act:

—the information so obtained from such documents shall not, except as the Conciliation Board deems expedient, be made public.

Hon. members will recall that Justice Norris made a full and complete report which ran to two volumes, and I am sure that he made public all relevant matters which he determined to be in the public's interest. Surely to assume otherwise would be to doubt the competency of the Justice himself.

If this motion were to pass it seems to me that the department would have no alternative but to make a nil return. However, since the matter has been discussed at length by the hon. member for Winnipeg North (Mr. Orlikow) and other members on this side of the house I will not ask you to make a ruling at this time.

One can only wonder what is behind the determination on the part of the New Democratic Party to reveal all the working papers which formed part of the study of Mr. Justice Norris. It seems to me that this involves a continuing harassment of independent unions not affiliated with the larger bodies, most of whom are making regular contributions to the N.D.P.

In the opening remarks of the hon. member for Winnipeg North he said certain things which I feel would justify the assumption that he felt that because donations had been made by the Seafarers' International Union to certain candidates running for parliament there was some sinister motive in the union's action. It was also suggested that because the Seafarers' International Union had made contributions to Liberal candidates it was made much easier for Hal Banks to carry on his nefarious undertakings. At one point, as reported at page 1027 of *Hansard* of February 10, 1966, the hon. member for Winnipeg North said:

I think it is important to establish certain facts.

He then continued to establish certain facts and said, as reported on page 1027:

I do not have to tell members of this house what Mr. Justice Norris found. I do not have to tell members of this house that he found that the S.I.U., headed by Mr. Banks, had been guilty of acts of violence, beatings, arson and other illegal actions. It was then that the house was asked to vote—

He was referring to the legislation brought in to establish the board of trustees which is now administering the affairs of certain maritime unions.

The hon. member states further:

Mr. Banks is probably as bad as everything that has been said about him and possibly worse, but he could not have done those things unless he had received the co-operation of very influential and important organizations outside the labour movement.

Further on he said:

I pointed out the connections which he had with other organizations and which he must have certainly had with political figures in the areas in which his union operated.

As found on page 1028 the hon. member for Winnipeg North quoted extensively from a newspaper article which appeared in the Toronto *Star* in which the reporter, Robert Reguly, implied that he had seen certain documents held by the Department of Labour and that in those documents there was reference to certain cheques having been issued to certain candidates in the Montreal area. I was the parliamentary secretary to the Minister of Labour for some time and this charge did not sufficiently concern me to investigate it because I was not interested in what was or was not contained in those papers. I do know there were no cheques issued to me but had there been I should not have felt any embarrassment in that fact being made public.

The implication being made by the hon. member for Winnipeg North is that, because these contributions were made, in some way or another these political figures were able to conspire to allow Mr. Banks to get away with these acts of violence. He is suggesting guilt by inference or guilt by association. If what the hon. member is saying is true, then of course these members would be as guilty as Mr. Banks himself.

• (6:20 p.m.)

I am sure that if Mr. Banks did make any contributions in 1962 they were probably for the favour he received in being brought into this country in the first place. The hon. member for Kootenay West (Mr. Herridge) will recall, as will many other members of this house, that Mr. Banks was brought into this country many years ago by some people in government, business and elsewhere who had the mistaken impression that he could do a "bang-up" job of ridding the Canadian maritime unions of Communists.

Mr. Gray: Mr. Speaker, could I ask the hon. member a question?

Mr. Byrne: Yes, indeed.

Mr. Gray: The hon. member referred to those who had mistaken ideas of what Mr. Banks could do. Would he include certain leaders of the labour movement?

Mr. Byrne: Indeed. I am glad the hon. member brought that matter to my attention. At that time it was the Canadian Labour Congress.

An hon. Member: And the C.N.T.U.

Mr. Byrne: Perhaps the C.N.T.U. also. I do not recall that but I am sure it was the industrial organization of the time, namely, the Canadian Labour Congress, which held this mistaken impression.

Mr. Herridge: Mr. Speaker, would the hon. member permit a question?

Mr. Byrne: These people found there are worse things in unions than Communists which could cause even more damage. I wonder whether members of the New Democratic Party would mind my taking a few moments to show that all the gangsters, all the wrongdoers in the labour movement, are not in those unions outside the C.L.C. and that indeed there have been extreme acts of violence perpetrated by the Steelworkers close to where we are at this moment, namely, the province of Quebec in the Gaspé peninsula.

Before doing so I wish to establish the fact—it is a known fact but should be put on the record—that the Steelworkers Union, to which I shall refer later, makes contributions to the New Democratic Party and in return, of course, demands that members of the New Democratic Party perform as they suggest. I am not—

Mr. Herridge: Would the hon. member permit a question?

Mr. Byrne: —suggesting that all those hon. members comply with their demands, but the union asks that certain things be done. The hon. member for Kootenay West is getting

quite agitated. I shall refer to him in a moment. Perhaps you would allow me, Mr. Speaker, to read in support of my remarks an editorial gem from the "Miners' Voice", the Steelworkers regular weekly, or perhaps it is monthly, paper. It is headed, "What's With The N.D.P.?" I shall not read the whole article but among other things it says:

> Steelworker full-time staff representatives contribute generously to the party's coffers by way of salary check-off. Thousands of rank and file steelworkers are party members and workers. The union is the party's largest Canadian labour affiliate.
>
> One takes for granted that the party's politicians reciprocate this solid support. One would at least expect that they would not ignore, dismiss or condone malicious attacks on the steelworkers by the union's opponents. Not so.

The second last paragraph of the editorial is the one in which they make reference to the hon. member for Kootenay West who, by the way, is an honorary member of the Mine, Mill and Smelter Workers Union.

Mr. Herridge: And proud of it.

Mr. Byrne: It is a union of which, I am happy to say, I was a long-time member and am now an honorary life member. This paragraph of the editorial says:

> Two such Mine Mill apologists come to mind. They are Leonard Mahoney,—

This is not Bill Mahoney, by the way.

> —reeve of Mountjoy Township and the baron of the Kootenays, H. W. Herridge, M.P.

Some hon. Members: Hear, hear.

Mr. Byrne: The article continues:

> Mahoney, a member of Mine Mill's paper Local 241 in Timmins is actively sabotaging the Steelworkers' bid to weld—

This is the Steelworkers sophisticated way of saying "raiding".

> —one powerful mine union.

Then it says:

> Herridge graces Mine Mill's table and sings its praises for the agitprop boys' propaganda mill.

I think I should read the last paragraph:

> For some years, we have suffered these antics in silence. We think the time has come when responsible N.D.P. leaders and members had better declare themselves. We want to know where they sit!

Mr. Herridge: I know where I stand.

Mr. Byrne: I said earlier that I am not going to presume guilt by association. I know there are many members of the New Democratic Party who would not condone receiving donations from a union which would perpetrate such acts of violence as are recorded in this little book called "The Rule of Law," and more specifically and in more detail in the unofficial translation of the judgment of Mr. Justice Antoine Lacourcière who heard the case against the Steelworkers brought by the Gaspé Copper Mining Company. The exact name is not important.

An hon. Member: Noranda.

Mr. Byrne: Gaspé Copper Mines, Limited. As I said, I am not implying that members are dishonest because of this, but the inference was certainly made by the hon. member for Winnipeg North (Mr. Orlikow) respecting Liberal members.

Mr. Scott: Filibuster.

Mr. Byrne: I should like to cite just a few gems from this judgment. First the judge says:

> This strike was absolutely illegal, in flagrant contravention of article 24 of the Labour Relations Act of the province of Quebec, which forbids any strike so long as an employees' association has not been recognized as representing the group of employees in question.

Mr. Scott: Question.

Mr. Byrne: I quote further from the report of the judgment:

> From the beginning of the strike, force was paramount; in the first place the blockade of the plant, a blockade which, in its first nine days was so effective that it was impossible to get provisions to those workers held captive in the plant.

Another paragraph reads:

> We know by the testimony...that a violence committee, baptized the Hi-Fi, had been formed by Bedard—

He is a Steelworkers' official.

> —with the specific aim of stopping production of copper through acts of sabotage.

I continue to read from the report of the judgment:

> It was on July 12, 1957, that...(three strikers)... went to dynamite the tailings line, and in this expedition...(one of them)...was killed, and...(the other two)...were very seriously injured.

Being a miner I know the dangers of explosives and as I hold a certificate as a shift boss I would not allow one dynamite cap, one detonator, to be set off in or about a mine without having set guards at all possible entries. Here we have three Steelworkers—

• (6:30 p.m.)

Mr. Deputy Speaker: Order. I have been listening very carefully to the remarks made

by the hon. member. I am quite sure he is acquainted with the narrow limits of debate on a motion for the production of papers. I would have to say at the beginning that he is getting beyond that. May I refer him to a statement made by Mr. Speaker Michener on February 8, 1962, as reported at page 682 of *Hansard* for that year:

> Order. Before the hon. member proceeds further with that line of argument I think I should say to him that my view of the scope of the motion is that it is limited to the desirability of the production of the documents. The motion is one calling on the government to produce the documents referred to in the motion. The question in issue is whether or not they should be produced.

Later, on November 22, 1962, Mr. Speaker Lambert made the following observation which is reported at page 1911 of *Hansard*:

> I think the hon. member will recognize the rather narrow confines of the debate in this regard. These have been referred to quite definitely by the hon. member for St. Lawrence-St. George who cited the decisions of my predecessor to the effect that what is, in fact, the issue of this motion is not what is behind the documents, or what is their substance, but whether they should be produced or not.

Mr. Speaker Lambert then went on to say:

> I think the hon. member will, on reflection, see he is going a little beyond that.

I have further citations here which I could give the hon. member but I think I have said sufficient for the house to realize the narrow limits within which the debate on a motion for the production of papers must be confined. I hope hon. members will confine themselves within those limits.

Mr. Byrne: Mr. Speaker, on the point of order you have raised, I must say with great respect that in the speech of the hon. member for Winnipeg North, part of which I have quoted, the hon. member made the argument that it was in the public interest that these papers be produced because a labour union had made contributions to a political party for special favour, in this case the Liberal Party. It turned out that one or two of the officials of this union acted in such a way as to be brought to court and sentenced to do time in prison. On the other hand, no action was taken to recover damages and so on. My argument now is to show that this is not necessarily correct.

Simply because a union makes contributions to a political party, it does not mean that the political party is tarred with the same brush as some irresponsible officers of the union. I am certainly not implying that any of the members of the N.D.P. are tarred with the brush of the Bedards to whom I have referred as having been implicated in acts of violence much greater and more damaging than any wrongdoing in connection with the S.I.U. I was about to point out, Mr. Speaker, that this affair might have cost the lives of 10, 15, 20 or any number of workers. One worker was in fact killed. So these acts of violence were much greater than anything that was perpetrated on the Great Lakes. I think the argument of the hon. member for Winnipeg North falls to the ground in flames when this is understood.

Mr. Deputy Speaker: I now have to advise the hon. member that his time has expired.

Mr. Byrne: Is it not true, Mr. Speaker, that I lost about five minutes on the point of orders?

Mr. Deputy Speaker: Order. The Speaker was very careful to note the time he commenced referring to citations, which occupied about three minutes. Those three minutes were added to the hon. gentleman's time.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I shall be very brief. The hon. member for Kootenay East (Mr. Byrne) suggested that this resolution was placed on the order paper to harass an independent union because it did not belong to the Canadian Congress of Labour or supply funds to our party. I think he is quite mistaken in this respect. The resolution was placed on the order paper with a view to getting the information contained in these documents and making this information public.

Quite frankly, let me say that I am an honorary member of Mine, Mill and I have no love for the Steelworkers Union and have no hesitation in saying so. I do not believe in splitting the working class and causing disunity in communities and the harassment of unions which have a good record of service over the years.

Mr. Byrne: Would the hon. member permit a question? Would he make reference to the plans of the Steelworkers to rig Mine, Mill at Trail, British Columbia, starting this year? They have already announced that intention. Would he make reference to this fact when speaking about the Steelworkers and Mine, Mill?

Mr. Herridge: I think I am in order, Mr. Speaker. If this unfortunate development does occur then all I can say is that without any

question I shall be lined up alongside Mine, Mill. I can tell the Steelworkers officers right now that they are in for a hot time if they come into the Kootenays.

Having said that regarding the hon. member's remarks about his labour affiliations and other views, may I say that the members of this caucus support certain political principles and political programs. But if by any chance we differ from our political brothers over certain concrete matters coming before this house or with regard to our belonging to a certain union, the rule of our caucus is that we are always allowed to exercise our conscience on such occasions and act as we see fit. That has been recognized as our practice in this house for a good many years.

For example, we took that stand when Mr. Woodsworth opposed Canada's entry into the second world war. We recognized that principle when Mr. Coldwell supported German rearmament, and it has been recognized on numerous occasions. Therefore I make these observations only because I thought the hon. member's inference that this resolution was introduced just to harass an independent union was somewhat unfair.

Mr. Byrne: I did not say that entirely. I said it was also to harass members of parliament.

Mr. Matheson: May I ask the hon. gentleman a question before he resumes his seat? Is he fairly characterized by the appellation, "the baron of the Kootenays"?

Mr. Herridge: That, Mr. Speaker is a pressman's nightmare. I much prefer to be known as "the hillybilly from the Arrow Lakes".

• (6:40 p.m.)

Mr. H. E. Gray (Essex West): Before beginning my remarks on this motion, Mr. Speaker, I believe I should recall to the house an occasion in the 1962 Parliament when I had the temerity to refer to the hon. member for Kootenay West (Mr. Herridge) as "the baron of the Kootenays". After I had referred to the thousands of acres which I understood he owned in that area, he leaped up and said that he was only a trustee pending the revolution. I do not know into which of the programs of his party that comment fitted, and it may come as a surprise to some people in some of the urban areas of the country who supported his party. I am certainly not unwilling to accord to the hon. member that point of view because it is part of the

freedom which we should have in this great country of ours.

In any event, Mr. Speaker, it seems to me, after reviewing the notice of motion and in particular the remarks of the hon. member for Winnipeg North (Mr. Orlikow) who presented the motion, that he made a very unusual argument in support of it. I hope I am summarizing his argument fairly, but I understood him to say that because a reporter for a Toronto newspaper was alleged to have somehow or other gotten a glance at certain working papers of the Norris Commission, it is now perfectly correct and proper for this house to adopt a motion forcing the production of these documents in their entirety in this house. Perhaps it could be said that there would be some form of merit in this argument if the provisions of the Industrial Relations and Disputes Investigation Act, to which reference has already been made, were not in existence.

It seems to me that since these provisions are in existence then it must be these provisions that govern. It has been stated on several occasions in this house that the provisions of section 33 of the act make information contained in documents produced for the use of a conciliation board confidential unless the conciliation board deems it expedient to make that information public. Of course, section 56 of the act, which permits the creation of industrial inquiries, demands the application of this section with regard to conciliation boards to the work of industrial inquiry commissions.

It would seem to me that if this parliament deemed it proper for these documents to be produced for its use and for the use of the public generally, then the proper and lawful step would be to pass an amendment to the Industrial Relations and Disputes Investigation Act permitting documents of this type to be made public. This could then be done through a resolution of the house or some other method. More particularly, the amendment might specifically permit the production of the documents now sought by the hon. member for Winnipeg North. Unless this step is taken I say it is quite improper, if not contrary to law, to have these documents produced in this house.

The matter has a much wider ambit than the narrow question before us in this resolution. What I say now is an attempt to urge the members of this house, when the time comes, to vote against the production of the documents requested by the hon. member for

Winnipeg North. I suggest that what we have in the Industrial Relations and Disputes Investigation Act is analagous to the requirements in the income tax legislation making documents filed under that legislation completely confidential even though the contents of those documents might be of interest to individual members of parliament or parliament as a whole.

What the hon. member for Winnipeg North seems to be attempting to say in his motion is that the mere fact that through some inadvertence, or perhaps even by some design, a reporter for a Toronto newspaper was able to see these documents, then the clear provisions of a law passed by this parliament can be disregarded merely by passing a resolution in this house. If this principle is correct, then the following situation could happen: If someone left an income tax return lying on a desk in plain sight in some district taxation office and a member of the public happened to take a look at it and, not knowing the requirements of the law or perhaps knowing the requirements and ignoring them, referred to the contents publicly in the press or on radio or television, then it would be possible, according to the hon. member for Winnipeg North, to have the entire return produced in this house simply by the passage of a resolution.

I think there are many precedents in the *Journals* of this house which make it clear it is not proper, at the request of a member or at the request of the house itself, for the government to produce confidential information or information deemed to be confidential under the income tax law. I suggest that the situation is no different here. If this were not the case, as I have said, a very difficult and trouble-fraught situation could arise very easily. It would be possible, as I have attempted to suggest, to have confidential income tax information produced through the simple expedient of leaving an income tax return lying on a desk so that through inadvertence or design some member of the public could take a look at it.

Then a person could drop a few hints to the press, the information would be published and it would be perfectly proper, according to the principle which the hon. member for Winnipeg North is attempting to suggest, to have the entire income tax return brought before this house. Surely no one would agree this is the correct procedure. Surely no one would agree that we should adopt a principle, by means of the passage of this motion, which would lend credence to a very dangerous argument. There would be no point in this parliament passing a law which said certain information shall be confidential if that law could be swept away by the simple passage of a resolution of this house rather than through formal amendment of the legislation just because some member of the public happened to get a glance at some confidential document. I find this argument difficult to accept.

The hon. member for Winnipeg North is not here but if he were in the house I should like to ask him this question. If someone through inadvertence happened to get a glance at his income tax return and published the details in a Toronto or Winnipeg newspaper, would he say it would be proper for me as a member of this house to move a motion requesting that his entire return be made public? The hon. member for Winnipeg North is reported on page 1029 of *Hansard* for February 10 to have said:

> I do not ask for any special rights for myself or any other member of parliament but surely members of parliament are entitled to the same rights and privileges as are given to anybody else.

• (6:50 p.m.)

Would he apply that same argument if someone saw his income tax return through inadvertence? I doubt it very much. Therefore I suggest that on grounds of logic, law and common sense what he has attempted to argue in his remarks is equally lacking in validity when applied to the documents in which he is interested in having filed in this house through this notice of motion.

It may well be that a member of the public should not have more rights than a member of parliament has or that a member of parliament in many circumstances should not have more rights than a member of the public, but where parliament through a formal expression in the passage of a law has said that certain documents are confidential unless certain things happen, then even though a member of the public through some inadvertence or similar reason gets a look at a document of a certain sort that certainly does not create a whole set of rights on the part of this parliament to disregard the legislation in question and have the entire document produced.

It could well be that if the Norris Commission were still in existence Mr. Justice Norris as the commissioner could direct the production of these documents. I think this is implied in the words of the statute. This does not give very much support to the argument

of the hon. member for Winnipeg North because the Norris Commission has made its final report, and I would gather that under the law it has gone out of existence. The only body that has the power under the present law to have these documents produced no longer exists.

The only step, as I have suggested, which would properly permit this body to bring about the production of these documents is an amendment to the legislation which makes them confidential. Because of the very dangerous principle that seems to be involved in the notice of motion which the hon. member for Winnipeg North has presented to us, it would seem to me that the motion should be withdrawn.

It is no reflection on him that he is not here today to speak on this point. It may well be that he has other urgent business to attend to. Had he been here he might well have risen in his place to agree that this notice of motion be withdrawn. It may well be that other members of his party who are here would be authorized to call for the withdrawal of this motion to avoid creating a precedent which would be dangerous to the rights of individuals generally who have reason to feel and believe that because of legislation passed by parliament documents and information produced by them under the command of such legislation would remain confidential until the legislation is amended.

It might be said: Well, does this mean that nothing will happen if someone gets a look at the document in question? I say that the legislation itself contains its own remedy where it permits the application of penalties to people who are proven to have contravened that law. I am not suggesting that this is necessarily the case here. The fact is that the legislation does contain its own remedy if somebody can be proven to have acted improperly in taking a look at the documents in question. For the reasons I have presented to you, Mr. Speaker, I ask that the house reject this notice of motion.

Mr. Richard Cashin (St. John's West): Mr. Speaker, I believe the hon. member for Essex West (Mr. Gray) has presented a very clear and concise case for the rejection of the motion before the house. I should like to make a few comments about it.

In making my remarks in public I wish to point out that I am as concerned as many people are about the Canadian position of keeping some things private. However, I am not sure that the policy on production of papers generally in the House of Commons is as clear as it ought to be. Perhaps at some future date this matter can be dealt with more thoroughly.

We do know that in England all such documents as are raised by the motion are deemed private unless specifically designated as public in a statute. Sweden has the reverse approach. But in this country we have a long tradition of a more or less in between position. I would think that this particular motion in the way it is brought is not the way to bring about a change in our system.

It may well be that the hon. member acknowledges that this motion falls short of being acceptable. It may be that he wishes to indicate that the present system respecting confidential documents is in need of change. I do not think it would be advisable for us to go about changing anything in this indirect fashion. The law as set out in the Industrial Relations and Disputes Investigation Act is quite clear and I think it would be wrong for us to fly in the face of that law and to circumvent it by the back door, as suggested by the hon. member for Winnipeg North.

I believe there would be many undesirable reactions to changing the law in this way. If this motion were to pass I feel that the government as a matter of principle would probably have to refer this whole matter to the Supreme Court of Canada for a decision.

We may not agree with the system that exists in Canada today but I think it would be most undesirable for us to change it in this particular fashion. May I also say that to do it in this way might involve other things. The hon. member for Essex West has pointed out the example of income tax. There are very good reasons why, if this motion were allowed to pass, this same reasoning could be used in respect of income tax documents or other private documents.

I would also suggest that while our law stands as it is it would not do to appoint a commissioner or committee to look into something with respect to the law and then say: This is the law but at some time in a rather surreptitious way parliament may undermine your position. This would put any judge or commissioner in an untenable position. I think we should be clear and straightforward.

If we do not like the law I think we ought to try to bring about ways and means to change it but I do not think it ought to be done in this surreptitious way.

Mr. Speaker: Order, please. It being seven o'clock the house will return to the business interrupted by private members' hour.

AERONAUTICS ACT

The house resumed consideration in committee of Bill No. C-153, to amend the Aeronautics Act—Mr. Pickersgill—Mr. Rinfret in the chair.

Clauses 1 to 6 inclusive agreed to.

Title agreed to.

Bill reported.

• (7:00 p.m.)

Mr. Turner moved the third reading of the bill.

Mr. Lambert: Mr. Speaker, an amendment has been incorporated in the bill, and I think it is usual when that happens that it should not be read a third time straight away, unless there is something urgent about it.

Motion stands.

RURAL DEVELOPMENT

PROVISION FOR ECONOMIC AND SOCIAL DEVELOPMENT OF SPECIAL AREAS

Hon. John N. Turner (for the Minister of Forestry) moved the second reading of Bill No. C-152, to amend the Agricultural Rehabilitation and Development Act.

Mr. W. H. Jorgenson (Provencher): Mr. Speaker, I would have thought the government would have provided the Minister of Forestry (Mr. Sauvé) to make an opening statement.

Mr. Turner: Mr. Speaker, I understand the minister is on his way down. We did not anticipate the immediate co-operation we got on the last measure. If hon. members wish to speak on second reading I can guarantee that the minister will be in his place.

Mr. Jorgenson: It would have been helpful if the minister had been here to make a statement.

Mr. Speaker: Order please. Perhaps we might pause for a moment until the minister comes down.

Mr. Turner: Mr. Speaker, at the time the resolution preceding the bill was introduced a full statement was made by the Minister of Fisheries (Mr. Robichaud), on behalf of the Minister of Forestry (Mr. Sauvé) who was then recovering from pneumonia, and if hon. members direct their attention to the declaration made at that time they would be able to gather the general import of the bill. Perhaps if hon. members are willing to speak on the bill until the minister arrives we can expedite the business of the house. Meantime I ask the indulgence of the house.

Mr. Ricard: Mr. Speaker, can we have some information as to the time we may have to wait? It seems that the government is in a hurry to get working but we cannot work without the necessary implements.

Mr. Turner: In any event I understand the minister was not planning to make a statement at the beginning and preferred to make a concluding statement in which he would give consideration to the points raised by hon. members in the debate.

Mr. Jorgenson: I find this a rather unusual situation. It is understandable that the minister was ill when the resolution was introduced. We accept that. We find no quarrel with the fact that he was unable to be here then and had some other minister move the resolution for him. But since he is the minister responsible, I am sure the Minister without Portfolio (Mr. Turner) recognizes it is quite customary, on second reading, for such a minister to make a statement, outlining in greater detail the proposals contained in a particular bill. But if the minister is not to be found, and the government finds itself in its usual bind—it is not unusual to have confusion on the other side and this evening is a typical example of the organization within the Liberal party—

Mr. Speaker: Order please. I should bring to the attention of hon. members that we have a bill before the house and I would invite them to participate in discussion of the bill.

Mr. Jorgenson: This I propose to do, Mr. Speaker, but I am sure you recognize it would have been very helpful to have the minister make an opening statement so that my remarks could be based on it.

However, since the minister is not here I shall go ahead in order to expedite the business of the house. We can only go by the statement that was made by the Minister of Fisheries when introducing the legislation, and by the contents of the bill, which are self-explanatory. I am glad to see that the minister and the government have come to recognize the value of this legislation. I recall that at the time of second reading of the Agricultural Rehabilitation and Development Act in 1961 the then minister of agriculture was also absent, and it fell upon me as his parliamentary secretary to make the opening statement on that occasion.

I also recall numerous comments were made by members of the then opposition to the effect that the scope of the measure was so large and so broad that it would encompass almost anything the government proposed to do. In fact there was some reference to the possibility of building a subway in Montreal and in Toronto under the terms of the legislation. But now we find the present minister introducing amendments which he says will greatly expand and broaden the scope of the legislation. That is a contradiction, because at the time it was introduced they said it gave the government too many powers.

Following passage of the legislation, during the period that the administration of ARDA was being set up, there was relatively little that could be done except to carry out certain surveys and undertake the administrative work necessary to make the legislation operative. Then, following the election of 1963, there was a change of government and the former member for Calgary South, who became minister of agriculture, was responsible for the administration of the act.

• (7:10 p.m.)

We all recall the difficulties that the government were in at that time in respect of who was going to be responsible for the administration of this act. Finally it fell upon the Minister of Forestry to assume responsibility. I say quite frankly he has applied himself with diligence and sincerity in making this legislation the type of legislation that was envisaged by the former ministry. Again I am sure hon. members opposite will forgive me if I go back and remind them of the criticism they levelled at the minister at that time, stating that he was visionary. But he had seen much further ahead than they could, at that time. Today they are reaping the benefits of that vision, because this legislation is doing precisely what the minister at that time intended it should do. Mind you, it does require a great deal of co-operation on the part of the provincial governments, it requires a great deal of initiative on the part of the people in the communities in which the act is to apply, and it requires some direction on the part of the minister. I am quite pleased that the minister is providing leadership in that direction.

It is ironical, of course, to have to point out that the legislation they criticized as being too visionary in 1961 now is the type of legislation which they see will do a great deal to help them implement their so-called war on poverty. The bill intends to do several things. First of all, it intends to appoint an advisory committee and provide for the payment of the members of that committee, whereas in the original legislation the bill provided only for their travelling expenses. I have no objection to this, if it is used in the context in which it is intended to be used; but we have had experiences on the part of this government where positions constantly were being created for former or defeated Liberal candidates and friends of the Liberal party.

I hope the purpose of this legislation is to provide for the expenses of an advisory committee that truly is an advisory committee, and not just a committee for defeated remnants of the Liberal Party. The government will do well to ensure that the persons appointed to this advisory committee do have some experience.

Mr. Stewart: Mr. Speaker, may I rise on a point of order just to make sure we know what is before us. We are on Bill C-152, and I think it is in the other bill, C-151, that the advisory committee is provided for.

Mr. Peters: Mr. Speaker, I believe, because of the fact that the minister is not here we should not draw the inference that he wishes to put a limitation on discussion of this bill, although really the purpose of the bill is only to change the name of ARDA. It surely is in order to discuss all the problems of ARDA, because the minister himself has not seen fit to be here to limit it.

Mr. Jorgenson: If the hon. member will look at the proposed new section 6 in Bill C-152 he will notice there is provision for an advisory committee, and to pay "such amount for each day he attends any meeting of the committee and is entitled to be paid reasonable travelling and living expenses while absent from his ordinary place of residence in the course of his duties". That is part and parcel of the bill. I presume the hon. member had not read the bill thoroughly and was not aware of this. This certainly is part of the bill.

Mr. Turner: I think the parliamentary secretary is very familiar with the terms of the bill.

Mr. Stewart: I was not criticizing the hon. member. I merely wanted to make it clear to the house that we were dealing with Bill C-152, and that he was referring to this

particular passage in this particular bill rather than to the much more obvious provision in the other very closely related bill.

Mr. Jorgenson: I assure the hon. member I was dealing with this particular bill. I do not intend to deal with it clause by clause. I was making a reference to this clause because it is in the bill and I wanted to include it in my general remarks. The clause by clause consideration will come up eventually.

I notice finally they have located the minister. I wonder whether he would care to go ahead with his remarks at this time and perhaps I could follow him later, if I could be given permission to do so. I am sure the minister would wish to make a statement.

Mr. Turner: It will be without prejudice to the hon. member's right to continue his speech.

Mr. Speaker: The Minister of Forestry.

[*Translation*]

Hon. Maurice Sauvé (Minister of Forestry): Mr. Speaker, I hope the hon. members will excuse me. I was here until 5.30 and I thought my bill would only be called a little later on. Please accept my apologies.

This bill was read the first time on March 18, when the Minister of Fisheries (Mr. Robichaud) was kind enough to replace me here. As the hon. members know, I was then recovering from an illness and could not be here, although I would have liked to tell them what I shall now make clear to them.

We had no intention whatever of bringing forward an amendment to the act known as ARDA. It was the Department of Justice which, some time last year, thought that the act passed in 1961 restricted to rural areas, where agriculture was possible, projects submitted by provincial governments and approved by the federal government. And doubts were raised in the Department of Justice about the legality of certain projects submitted to us by some of the provinces and which, while they concerned rural areas, were not meant for a region where agriculture was possible. I am thinking especially of Newfoundland and certain areas of the province of Quebec.

• (7:20 p.m.)

It is only after long discussions with the Department of Justice that we decided to introduce an amendment to the act passed in 1961. Had there not been that insistence from the Department of Justice or that interpretation of the 1961 legislation, Bill C-152 now before the house would serve no purpose.

Therefore, I wish to reassure all hon. members of this house and say that we have no intention of removing from the statute books this act known as ARDA. On the contrary I will have the pleasure, in a few minutes, to move an amendment to section 2 (1), which will definitely establish the ARDA abbreviation.

If the hon. members of this house refer to chapter 30, 9-10 Elizabeth II, an act to provide for the rehabilitation of agricultural lands and the development of rural areas in Canada, assented to on June 22, 1961, they will notice that the short title of the act makes no reference to the ARDA abbreviation, neither in English nor in French. And I think that because of the importance of this act, which was passed unanimously by the house on May 31, 1961, after a stirring address by the minister of agriculture of the day, the hon. member for Qu'Appelle (Mr. Hamilton), it is important to establish in the facts and in the act the ARDA abbreviation.

This, I think will reassure all hon. members and, had there been no obligation for us to amend the act, we would have continued using this abbreviation, which as yet is not part of the act.

It will be recalled that it was on December 15, 1960 that the minister of agriculture of the day, now the hon. member for Qu'Appelle, moved the resolution introducing this act in the house of commons. He had been minister of agriculture since October 11, 1960, and it is his predecessor, the hon. member for Calgary North—I believe it is not known generally in the house—who had taken the initiative in proposing to the then government the act now known under the name of ARDA. The hon. member for Calgary North was therefore closely associated with the preparation of this act which, I am sure, is still endorsed by all members of this house. As I said earlier, this piece of legislaion was passed unanimously, which happens very seldom nowadays, and I hope that at the end of our discussions, today if possible, hon. members will agree to pass unanimously the proposed amendment or amendments.

We only propose striking out from certain sections of the act the word "agricultural" and, in some cases, substituting for it the word "rural". We also suggest an explanation about advisory committees, namely in subsection (6), section 7 of the present bill.

At the time of its implementation, this act had three main purposes: first, the subsidiary use of lands or the efficient use and economic development of submarginal agricultural lands; second, the development of rural areas and, third, soil and water conservation.

I think that since its implementation and approval in June 1961, this act has achieved its purposes. It resulted from the work of a Senate committee, known as the special committee on land use, set up by the previous government and sponsored by the then prime minister, Right Hon. Louis St. Laurent.

In 1960 the committee presented a report and the government of the day, headed by right hon. Leader of the Opposition (Mr. Diefenbaker) had agreed to the report and introduced the bill I have mentioned.

Since 1962 many achievements have occurred under ARDA. I feel it would be of interest to make a brief survey of what has happened so that the honourable members of this house may realize that in spite of the fact that my immediate predecessor, the minister of agriculture Mr. Hays or the hon. member for Qu'Appelle have not given much publicity to the legislation or to its achievements, a lot of work has been done.

I should like to quote just a few figures to indicate how seriously the members of the previous administration and of the present one have all mightily laboured together to improve living conditions in rural communities.

Often during my speeches in and out of this house, I have recalled the important part the hon. member for Qu'Appelle has played with respect to this legislation and again tonight, although he is absent from this house, I should like to point out the admiration which his work as minister responsible for ARDA has aroused. His work has been an inspiration for me, and I am sure if he returns to the house he will support the bill I am moving tonight on behalf of the government.

In 1962-63, during the fiscal year ending March 31, 108 projects were approved at a total cost of $2 million as the federal government's share.

In 1963-64, the provincial governments having become initiated to the method of operations of ARDA, and the federal government being more familiar with the plan, the number of projects increased to 292 for a federal government contribution of nearly $10 million.

During the fiscal year 1964-65, ending March 31, 1965, the number of programs increased to 352 for a federal commitment of $21 million.

Between April 1 and November 30, 216 programs were approved representing a total commitment of $15 million.

I would not want to give a long account of the amounts received by each province. Suffice it to say that Quebec followed by Saskatchewan and Manitoba, are the provinces which have most availed themselves of the advantages of that act; moreover, they are pursuing their efforts along the lines they had adopted earlier.

On April 1, 1965, a new agreement entitled the "Federal-provincial agreement on rural development" became operative. This new agreement, to apply for five years, that is, till March 31, 1970, was the fruit of the experience gained in the first three years and of the co-operation between ARDA federal authorities and each one of the ten provincial governments.

When the right hon. Prime Minister (Mr. Pearson) asked me on March 4, 1964 to take over the administration of that act, I immediately undertook to meet the ministers responsible for the application of ARDA in each of the provinces. I visited every province and discussed the matter with provincial authorities and this led, after numerous discussions, not only with the provincial governments but also with various associations and organizations, to the series of proposals we sent all Canadian provinces early in October 1964.

Those proposals were discussed at a federal-provincial conference at the end of November 1964.

One word about that conference: in my opinion, it expressed concretely new administrative concepts in the field of federal-provincial relations, concepts which consist, once the objective to be reached has been set, once the provinces have been consulted one after the other or in groups in order to establish what their aspirations are, in getting them together with a view to reaching an agreement. That is what happened in the case of the new agreement, and all the provinces signed it in the first six months of 1965.

The text, which I now hold in hand was published in French and English, and it is

available. As a matter of fact, it was distributed to all the members of parliament when it first came out in August.

What were the main differences between the first agreements signed in 1962 and the one signed early in 1965?

• (7:30 p.m.)

[*English*]

The old agreement was for the duration of two and a half years from 1962 to March 31, 1965. The new federal-provincial rural development agreement is for five years. The first agreement was implemented through a general agreement and a number of program agreements. The new one which I have in my hands is implemented through a single rural development agreement, and is thus much less cumbersome administratively.

In the first agreement there were no formal arrangements provided for continual consultation on programs. Under this new agreement there are formal administrative arrangements through joint advisory committees and new regional administrations to provide for continual joint consultation. Under the first agreement the maximum federal expenditure in one year was $20 million, for a total maximum contribution over two and a half years of $50 million. Under the second agreement the maximum federal contribution is $25 million per year, with a total federal contribution over five years of $125 million.

Under the first agreement programs for land use adjustment put less emphasis on programs to re-establish people affected. Under the new agreement there is a large increase in emphasis on programs to assist rural people to re-establish on new farms through farm consolidation or in new employment in areas where opportunities may be better.

Under the first agreement there was no co-ordinated approach to resource development by areas, although considerable studies were undertaken in areas which could lead to such programs. Under the new agreement there is new emphasis on the alleviation of poverty in rural areas by means of a global approach embracing all the resources of disadvantaged rural areas in an effort to provide new income opportunities and raise standards of living.

Under the first agreement there was a system of individual project audits by the federal administration as provinces submitted them. Under the new agreement there will be a new system for the administration of joint ARDA programs whereby the federal government and the province agree jointly on an entire program for a year or more and the entire program is considered.

This is a point which I am sure would have pleased the previous hon. member for Port Arthur. Under the first agreement Indian lands and Indian people were not excluded but were not particularly provided for. Under the new agreement there is special provision for the inclusion of Indian lands and Indian people under the ARDA program.

Under the old agreement there was provision for the establishment of rural development officers in the field and special training for such officers. Under the new agreement there is much greater attention paid to the training and establishment of rural development officers and the provision of facilities to carry out such training.

[*Translation*]

Mr. Speaker, the new spirit of the federal agreement on the economic rehabilitation of rural areas emphasizes the rural communities' human resources and on their physical resources as a whole. It can be said that it deals mainly with a rural labour program. Although we were not the first in that field, the new agreement was signed and negotiated before the manpower act was introduced last year. The agreement provides for a series of procedures to co-ordinate the new policy with that of the new department of Manpower. Second, the new agreement provides for the enlargement and consolidation of farms, which seems to us one of the major problems of the farming world in the rural areas. Third, it is an innovation in a way. On page 21 of the French text, the agreement provides for a special program for rural development areas. On page 22, it provides for the special rural development areas, that is to say that we are introducing for the first time a concept of planning at the regional level, a planning set up by co-ordinating the efforts of the provincial and federal governments.

It is an innovation in the field of administration in Canada. I would say that it concretizes for the first time the acceptance by the federal and provincial governments of the need for economic planning to eliminate in some areas of the country the concentration of low-income families and to eradicate unemployment and underemployment to improve the standard of living.

Not only have we innovated with that new agreement, but we have also improved our

working methods. In each province, there is and there can be a joint provincial committee to set up the program for the coming years, as explained on page 10 of the document I mentioned a little earlier. I quote:

It will be possible to set up joint advisory committees made up of five high officials of which three, including the chairman, will be appointed by the provincial minister and two by the federal minister.

Thus co-operation is being established at the beginning of the fiscal year before the programs for the whole year are elaborated at the provincial level.

In addition, we have organized and we are still organizing special meetings that enable us to take the initiative I referred to during the debate on the departmental estimates and also make the provinces aware of the importance of certain innovations in rural areas.

I shall not give you the list of all the meetings that took place recently. But let me tell you only that in the month of January we had—and I think I have the report with me—a meeting on land development and consolidation, so the provinces might benefit from part two of the agreement I mentioned earlier.

In co-operation with the provinces, we have designated rural development areas under part five of the new agreement.

• (7:40 p.m.)

[*English*]

Programs of resource development in low-income areas are provided for in this part of the agreement. The primary objective is to increase income and employment opportunities in rural areas where one half or more of rural families had an estimated income of less than $3,000 in 1961.

The areas have been jointly recognized by provinces in Canada as development areas and are as follows.

There then follows the Atlantic provinces, Quebec, Ontario, the prairie provinces and so on.

[*Translation*]

But, to me, in spite of everything, the most interesting among the innovations I referred to earlier is surely the establishment of special rural development areas. That concept is fully explained at pages 21-22 of the federal-provincial rural development agreement.

Until now, there was an agreement between the government of Canada and the provinces for the designation of such rural regions: Interlake, in Manitoba; the lower St. Lawrence valley and Gaspé, in Quebec; northern New Brunswick, Gloucester and Restigouche, in New Brunswick, and also the Mactaquac region; Cape Breton and the northern area, in Nova Scotia; finally, the whole of Prince Edward Island.

This new concept is related to the second bill listed under the department for the setting up of an economic development fund. It allows the federal government to move in massively in those areas in Canada where there is unemployment and economic stagnation. We believe that in this way, the federal, in co-operation with the provinces, will contribute efficiently toward the solution of chronic problems in certain parts of the country.

I trust that, within the next few days, if not within the next few weeks, I shall have the pleasure, of informing the house that two agreements have been signed with the New Brunswick government, one dealing with the northern part of the province, and the other, with Mactaquac.

Hon. members will be pleased to see that, thanks to co-operation between the federal government and the government of New Brunswick, we are fighting off poverty efficiently in rural areas. Speaking of the war against poverty, there, Mr. Speaker, are concrete examples of what can be done when the federal and provincial governments co-operate.

I should have liked, this evening, had the agreement been signed, to give an overall view of the project to hon. members. However, I must limit myself to mentioning it only, but I am sure that within the next few weeks the house will be pleased to become acquainted with it.

Not only did we innovate in the general sense advocated by the member for Qu'Appelle (Mr. Hamilton) when he was minister in charge of that act, but we went even a bit further and set up what had been intended in the original act and which is the subject of an amendment in Bill C-152, namely a Canadian Rural Development Council.

The Council is composed of representatives of rural associations concerned with the problems which come under ARDA and of persons whose experience can be useful in the development of ARDA programs and projects.

When the Minister of Fisheries introduced the proposed resolution, I think there was some confusion in the minds of some hon. members. In Bill C-152, to amend the ARDA act, reference is made to that National Rural Development Council whose membership I outlined previously, although the ARDA agreements provide for committees at both

the provincial and local levels. But in this bill, we do not talk about the same type of committees.

Besides I will be able to give specific answers to hon. members who are interested in asking questions in that connection.

Therefore, in addition to what I have just said, we have in essence, almost continuous consultation with the provinces, meetings and exchanges and, at the end of April, I will be visiting the ministers of the four western provinces with ARDA officials. We will go and meet them in their own provinces, in their capitals, to discuss with their officials the application of the new agreement which came into force on April 1, 1965.

Mr. Speaker, I do not want to be too long. I hope I have been able, in those few minutes, to indicate to hon. members that we are amending this act only because we have to and, second, that we have no intention whatsoever of taking credit for this legislation away from anybody.

Later on I will move an amendment to this bill to link it definitively to the initials ARDA. When the time comes, I hope hon. members will be so kind as to allow me to move that amendment.

I hope at the end of the day, we will be able, as we were in 1961, to pass unanimously the amendments set forth in Bill C-152.

I thank the house for its undivided attention.

[*English*]

Mr. Olson: Mr. Speaker, would the minister explain now how he intends to move this motion?

Mr. Sauvé: As soon as we reach clause 2 I will move that the act be cited as the Rural Development (ARDA) Act, so that it will incorporate once and for all "ARDA", as was not the case before. But I will do that when we are in committee.

Mr. Peters: May I ask the minister one question. If this bill is not now passed, is it the expectation of the minister that all that he has outlined cannot be accomplished?

Mr. Sauvé: That is so. The Department of Justice has given us written notice that unless this bill is passed we cannot go on entertaining projects in certain rural areas which have no agriculture. I mentioned earlier that this applied to outport regions in Newfoundland and certain parts of northern Saskatchewan and Alberta where there are no possibilities for agriculture. It would be impossible for us to accept any projects unless the bill is passed, which means that we would be restricting the aims of the act. I am sure that originally, if this ruling had been made by the Department of Justice, the act would have been amended.

• (7:50 p.m.)

If you will recall, there was a resources for tomorrow conference some time ago and at that conference there was a proposal to amend the act by deleting the word "agriculture". In 1961, people attending the resources for tomorrow conference were aware of the fact that the act was limited to projects in rural areas and it was impossible to undertake a number of other projects.

Mr. Peters: Is the minister prepared to table the legal document that warrants this confusion?

Mr. Sauvé: I do not believe—

Mr. Jorgenson: I rise on a point of order, Mr. Speaker. I feel these questions could well be asked at the committee stage of this bill.

Mr. Peters: Speaking to the point of order, I may say it has been the practice to ask questions, if the member speaking will accept those questions before resuming his seat.

The Acting Speaker (Mr. Rinfret): Is the hon. member for Medicine Hat rising on a point of order or a question?

Mr. Olson: No, I thought you had recognized me to speak on this motion.

The Acting Speaker (Mr. Rinfret): If the hon. member wishes to speak on this motion, he will have an opportunity to do so later. I understand, as the result of an exchange of views at the commencement of the debate, that the Chair would recognize the hon. member for Provencher.

Mr. W. H. Jorgenson (Provencher): I am sure the members of the house were pleased to hear the statement made by the minister. This is the first time, since the government took office, that a comprehensive statement has been made on ARDA and the activities of this particular branch of the department. We recognized when the legislation was introduced, while we were the government, that it was a very important piece of legislation which was going to provide the means of assisting a good many areas in this country. The statement just made by the minister has

confirmed, to a large extent, this belief that we had at that time.

I was quite pleased to note the attitude of the minister. When he began to speak on this subject, I think he was a little embarrassed by the fact he was not here when he should have been. We can forgive him for that because I do not believe any of us expected the other bill to go through quite so quickly. I noted that as he warmed to his subject he made his remarks with more and more enthusiasm, indeed the same kind of enthusiasm the former minister had when he introduced the legislation and when he attempted to convince members how useful it could be in assisting rural development.

We are pleased to note that the minister has been imbued with this kind of enthusiasm and energy. I do not wish to offer any carping criticism of his activities in this particular field. There are, however, a few comments I should like to make in addition to those I have already made. When we introduced the legislation in 1961 there was a great deal of criticism because this was long-term legislation. The present Secretary of State for External Affairs (Mr. Martin) was one of those who offered that criticism at great length, as if the legislation could have been introduced any earlier. If the legislation is long range in nature, it has to start somewhere. I am glad to note the government has finally accepted the fact that this long term legislation was designed to do the very job the former minister of agriculture intended it should do.

I am pleased to note also that the minister has not fallen into that old habit of criticizing the former minister of agriculture for his activities. Indeed, I want to thank him for the kind words he used when referring to the former minister who introduced this legislation, and the enthusiasm with which he followed that up. This is a bad habit into which the present Minister of Finance (Mr. Sharp) has fallen and into which the former minister of agriculture, the former member for Calgary South, also fell. They seemed to feel their positions could be enhanced by criticising former ministers.

In so far as the proposed amendment of the act to change the name is concerned, I would have thought that if the minister were sincere, and I have every reason to believe he is, he could have accepted the suggestion that was made by the hon. member for Esquimalt-Saanich (Mr. Chatterton) when the resolution was before this house. He suggested that the legislation be entitled the agriculture and rural development act, which would have in no way changed the initials of the act, which have become a household word across Canada.

If the intentions of the government in this regard were purely political, if they honestly thought they required an amendment to the act for political reasons or because it was such a greatly expanded act, they could have called it the greatly expanded rural development act, and this would have resulted in a typically Liberal set of initials. There would have been no question, then, that it was their legislation.

I am glad to see the minister has made provision for the development of this legislation in conjunction with the department of manpower. If results are to be achieved through this legislation, then it will be necessary to do this very thing and I want to congratulate him upon making this provision. I hope that in providing leadership for this legislation he is not going to take away the initiative of the local communities, which will be so necessary if the legislation is to be successful. I am sure those of us who have read about the experience of the United States in this particular field will remember that in the study by the Senate and the House committee it was pointed out that the government could well provide the direction, but if too much paternalism were offered, then in almost every case the rural development programs in the United States were doomed to failure.

You must insist that there is some direction, some leadership, but in the final analysis the initiative has to be taken by the local people. I hope the minister has not overlooked this very important aspect of rural development. I note that in outlining the new agreements that have been entered into with the provinces, he is providing the changes in line with the experience we have had with ARDA in the past few years. These changes are necessary.

• (8:00 p.m.)

I notice there has been an ever increasing number of press releases emanating from the minister's office dealing with agreements being entered into with the provinces. It is interesting to note the wide variety of those agreements. In entering into these agreements I am sure the minister has discovered that the original type of agreement first entered into was somewhat different from what is necessary today. Largely I think this is the

result of the many surveys which have been made. Again, I congratulate the minister in providing for most members of the house so comprehensive a report on the results of these surveys and the type of work that is being contemplated, and which is being effected throughout Canada.

We believe today as we did in 1961 that this legislation is broad enough to carry on the type of work that is required in order to assist the rural areas of Canada. We are grateful that the minister shows the type of enthusiasm, the type of drive and the type of initiative which is necessary in a minister in order to carry on the work of this legislation, and to do the work it was intended to do.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am pleased to find that the minister has had some advice as to why this act should be changed. I am one of those who was under the impression that the only reason this act was being changed was so that the house would agree to eliminate a Conservative bill and supplant it with a Liberal bill. I am not interested in doing that, as it does not seem to accomplish anything. I was interested to note that the minister made a very good explanation of some of the things that are taking place. As much as the previous speaker, I am interested in the policies which have been engaged in. I am, however, of the opinion that without the legal interpretation that the department may have given to the legislation under which we are operating under, this bill does absolutely nothing one way or another.

I listened to the minister's speech—I am always pleased to hear his speeches— and I was interested to note that in that speech he used almost the same wording he used in the speech of December, 1964—that this is not a new problem. There was an argument as to whether what is contemplated comes under agricultural development or the human resources problem in rural areas. As I say, it is interesting to note that these topics were discussed before, and it is also interesting to note that the topics he referred to were in the interpretation as it originally related to the ARDA program.

The projects that were then alluded to include such things as are reported in the magazine *Western Canada Reclamation* of June, 1963, including such things as study of resource use and development opportunities—and I might say that there is no text. Headings only are used. Also such things are mentioned as rural sociology—which I imagine is a fairly broad subject covering almost anything in terms of human resources in rural areas. Also mentioned are agricultural economics, including marketing—

Mr. Vincent: Also school buses.

Mr. Peters: Yes. Probably even school buses. Also mentioned is the program of employment. It refers to "Employment, labour, underemployment and vocational training needs." Lastly it lists farm employment and industrial development opportunities, which I assume covers the whole problem of employment not only in rural areas, but in some others.

I am not suggesting that all these thing are the same as were originally provided under the ARDA program. I think it is true that the Department of Agriculture of the Alberta government, which is negotiating at least half the contracts in that province, was under the impression that all these things could be negotiated under the act.

The minister in the January and February issue of *Bulletin*, which is a magazine of the Canadian Federation of Agriculture, discussed this matter of the expansion into the manpower field in the rural economy, and indicated, as I understand, that there are no limitations to the ways in which the program could be implemented. The article on page 7 says:

> Mr. Sauvé reported that there are now close to 1,000 ARDA projects under way. In order to provide concrete illustrations of the ARDA program at work, he selected for presentation an outline of projects which are typical of each of the five major regions of Canada.

The minister then went on to cover most of the subjects that were set out originally in the act.

I do not intend to cover the whole ARDA program, Mr. Speaker. We are not interested necessarily in going over what has been done in ARDA, nor what has been done in each particular region of Canada under ARDA. We are interested in seeing here that the whole program of ARDA be extended as widely as possible to all parts of Canada, and that it be expanded in all fields where it is necessary, and where it is possible.

However, I do not think that this bill does anything one way or another. In my opinion it is just a waste of time. If there were a major legal requirement that we have to go through this procedure, then why not be honest about it?

I did not participate at the resolution stage, but I have read the discussions and I know the minister will be happy about the act. I hope he will be as happy as his colleague, the Minister of Fisheries was, when he kept referring in that particular discussion to the fact that the ARDA program was going to be maintained.

Frankly, from anything that is in the bill that we have before us, I do not see that it is going to be maintained. The minister has dispelled the idea that all this is being done as a way to change the act, so that this might go on one side of the ledger rather than on the other side. I am speaking of the political ledger, which really has two pages. I am not on either one of the pages.

• (8:10 p.m.)

The problem in ARDA, as I see it, has been the lack of emphasis by the government, to date, with respect to the fields of research and statistics. It is not true that these have been included here. If you read the bulletin put out by ARDA in January of 1965, in *Wildlife and Rural Development*, you will find that there was considerable planning and investigation as to the potentials of it. Other publications have indicated examination and surveying that has been done in some areas of Canada. I believe ARDA is now in a position to assess the needs on a long term basis with respect to what can be done and in which fields it should be done.

Finally, Mr. Speaker, the minister mentioned a second bill dealing with, as I interpret it, much broader regions, relating directly to large, low income areas in a special category. I can think of one in my own area, the Abitibi-Timiskaming region, and the area south of Restigouche in New Brunswick. There are a number of these areas which should be specifically named for additional help, apart from that provided through municipal, provincial and federal agreements implemented to date. If this is true I expect most hon. members will support the second bill; but since we are amending the ARDA act I think we should incorporate a separate section in it to include these areas in which I hope the federal government will give leadership, rather than counting on agreements to be made with the provinces.

Some hon. members are worried that under the second bill we will be setting up new boards and entering into new agreements, so that we will have more personnel and staff than projects. The labour costs of advisory boards will be extremely high, but I think the purposes of the second bill could be incorporated in this one. I have read the second bill and seen nothing in it contrary to ARDA, except that it places emphasis on larger regions rather than on separate projects.

We now have an attractive motif for ARDA; but ARDA is somewhat like political parties which in the course of time are known by their initials rather than their names, with people tending to forget their real names. This is true of ARDA. Many people understand the implications of ARDA in their own communities, but do not care what its initials stand for. For this reason I hope its full name will be retained.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I must first congratulate the minister who is here tonight. We regretted his absence when the resolution was introduced. His speech tonight, and especially his enthusiastic delivery, seemed made to entice us to accept his arguments more readily.

There was some good in what he said tonight, but there were also things which we cannot support without reservation. On the whole, however, I believe it marks another step ahead for ARDA.

The hon. member for Timiskaming (Mr. Peters) said earlier that the minister seemed to be repeating the speech he made in 1964. I think the hon. member for Timiskaming has forgotten that the subject was agriculture and that land is ploughed anew every year, each time yielding a new harvest.

Listening to the minister, I thought he merely wanted to inject some local colour in his beloved ARDA program for which he works so hard. That is why tonight, although he already knows my views on certain aspects of ARDA, I wish to congratulate him on his good work and especially on his sincerity. He cannot supervise every aspect of ARDA —perhaps he would do even better then—but as his own duties take up all his time, he can certainly not be blamed for all the sins of administration.

I reacted somewhat like the other members with regard to the bill introduced tonight to have the name of the act changed. Before listening to the minister's explanation, I wondered why the change in name was being requested, since the first act implemented in 1961 was known as ARDA or the Agricultural Rehabilitation and Development Act, and it is now wished to call it the Rural Development

Act. I did wonder what was involved in the change.

The minister explained that the purpose is to cover certain fields of agriculture. But in my opinion, the previous act covered all fields of agriculture and all agricultural areas. In the past, this act has not only been applied to agricultural lands in designated areas, but even to crown lands and here and there.

That is why it seems to me, at first sight, that if it were only to extend the act, the original one had ample scope. But if it is for another reason, as the minister mentioned—justice—then I do not have to wonder any longer about the why and wherefore of this piece of legislation. But I do not think this is done with a view to playing politics and taking up the time of the house merely for a change in name. That is why we accept, on principle, these changes of name particularly if the abbreviation ARDA is retained because—the minister is well aware of this—the Agricultural Rehabilitation and Development Act is never mentioned in our area, only ARDA. It is known under that name and I am very happy that the minister should have moved an amendment to retain this abbreviation.

I have noted something else in this bill, and I should like to bring this to the attention of the minister tonight.

A very close perusal of the amended legislation reveals that something apparently very simple is being presented, but this may affect the provinces and affect them disastrously.

• (8:20 p.m.)

I remember discussing with the minister and putting questions to him on the administration of the former ARDA legislation. I was always told the provinces made the decisions and brought forth the projects. In fact, the provinces were supplying the spark. Unless they went along, ARDA could not be implemented in any province. Is that still the case?

What surprises me is that the bill says:

The minister may cause to be prepared and undertaken, directly—

The "to be undertaken directly" scares me.

I heard that this also existed in the past. You always keep a little of the federative spirit. The minister attended the last conference in Quebec where co-operative federalism was discussed and I think, or rather I am afraid—I do not want to make any rash judgment—he came back with this spirit of federalism which is always used against the provinces, especially the province of Quebec.

The former act took away from the provinces any autonomy they had in the field of agriculture. Now the Quebec autonomy will no longer be protected.

When the minister takes the floor, I will deal with this matter which is most treacherous. When the federal government is empowered to impose something on a province, I do not know if you call it co-operative-federalism, but I call it centralization. And we are against centralization. That is what I wanted to point out to the minister.

Some hon. members may laugh, but I believe that under this section the federal minister could take action without the consent of the provinces.

Mr. Côté (Longueuil): Where?

Mr. Gauthier: Under ARDA. Look at section 2 (2).

Mr. Côté (Longueuil): Keep on reading.

Mr. Gauthier:

(2) the minister may cause to be prepared or undertaken, directly or in co-operation—

Mr. Côté (Longueuil): What can he cause to be undertaken?

Mr. Gauthier:

—with the government of any province—

Mr. Côté (Longueuil): What can he cause to be undertaken?

Mr. Gauthier:

—with the government of any province or agency thereof, programmes of research and investigation respecting the more effective use and economic development of rural lands in that province.

He may cause to be undertaken various works and studies.

Mr. Côté (Longueuil): Research programs.

Mr. Gauthier: This is the very point to which I want to draw your attention. First they take an inch of land, then a foot, a mile, two miles. If programs of research and investigation are to be undertaken, as they were in Gaspé, the decision is taken by the federal government. That is precisely what we do not want.

If there is research to be done, let the provinces come to an agreement with the minister on the joint programs.

My fear may be unfounded. I put the case to the minister; I am sure he has explanations to give us. But if we do not speak out, things will remain as they are and everyone will remain in the dark.

At first glance and in its present form I think the bill constitutes an infringement. I know it is comprehensive and written in good French. Research programs are a beginning and more will follow.

The provinces must have their say concerning those research programs. It seems very logical to me that the provinces should discuss the programs of research and investigation with the federal government, so as to maintain that spirit of co-ordination and discussion and so as not to leave the people of Quebec under the impression that the federal government is always imposing its wishes on the province.

That is precisely what the province of Quebec does not like, because it is related to research, to studies. Indeed, education belongs to Quebec. And then, it seems to me Quebec technicians and educators should also be able to meet the federal government technicians with regard to joint programs. Why should we not discuss educational programs in the same way?

That is all Quebec wants in order to protect itself. I wish to point out to the minister that not only should the provinces have a word to say about the matter, but they should also suggest what program they want implemented. In short, let them draw up the plans and present them to the federal government just as they do in the case of agricultural, drainage, or soil recovery programs. Then, no one could complain.

As for the advisory committees the minister mentioned, I believe it would be a good thing for each province to have one. But there again, the provincial advisory committee should not be made up of people imposed by the federal government, or subjected to its control directly or indirectly. It should be a truly provincial advisory committee.

I shall not dwell on the matter any longer for, as everyone else, I want the bill to pass as soon as possible. I may have a few questions about certain sections but, all in all, we are pleased. We are pleased because we do not shy away from progress, and we feel that this is a step forward for the ARDA program.

I hope the minister will adapt all those amendments, as was done in the past, when ARDA was passed, and that the rights and autonomy of the province of Quebec will be respected.

[Mr. Gauthier.]

• (8:30 p.m.)

[*English*]

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, when the resolution was before the house a few days ago I had the opportunity of saying a few words about our opinion in respect of the amendments contained in Bill C-152. At that time I queried the change of the name from the Agricultural Rehabilitation and Development Act to the rural development act, because it appeared that there was no useful purpose to this change except, as I suggested then, it made it a Liberal rather than a Conservative act. I objected to this because the name ARDA has become a household word across Canada. I objected to taking up the time of this house for the purpose of doing something as unnecessary as that.

The minister has now promised that he intends to move an amendment to clause 2 as soon as we reach consideration of it. As far as I am concerned, such an amendment will satisfy in large measure the objection I voiced when I spoke before. Let me say also that I admire the Minister of Fisheries (Mr. Robichaud) for the good job he did in answering the questions we put to him at that time, in view of the fact that this act does not fall within the purview of his department.

We were pleased to hear the minister make his promise to move an amendment because the contents of this bill as it now stands are certainly not in keeping with the statements made over and over again by the Minister of Fisheries. The hon. member for Timiskaming (Mr. Peters) said on at least five occasions that the name ARDA was going to be retained. Some of us were very unhappy in our attempts to reconcile that threat with the contents of this bill. However, apparently that difficulty will be resolved when we reach our consideration in committee of clause 2 as a result of the promised amendment.

The hon. member for Timiskaming referred to the Western Canada Reclamation Association and said he did not know what it was, but he then proceeded to read some of the contents of its publication. I think the contents of that publication represent a clear manifestation of the very wide horizons and farsightedness that association has regarding the reclamation and conservation of soil and water. That association receives far too little recognition in Canada when one considers the useful work it performs. It is constantly concerning itself with long-range policies in an attempt to make sure that our soil and water

resources are both conserved and utilized beneficially, not only for the immediate future but on a long-range basis. Perhaps the minister recognizes the value of some of the studies carried out from time to time by that association, but let me say that in my opinion it is a useful organization which receives little recognition for the many contributions it has made.

We will have time to discuss this bill in greater detail when we reach the committee stage of consideration, but there is one other matter I should like to discuss. In one of the last clauses of Bill C-152 there is reference made to advisory committees which I would more broadly term local committees. The minister is making a mistake if these advisory committees are to be confined to consideration on the basis of provincial advisory committees. It is my opinion that local committees could be very useful and could perhaps be the key to the initiation of development programs which will be most useful to communities. We should not be reluctant to give a great deal of recognition to these committees. If the members of such committees spend time away from home, working in an advisory capacity to provincial committees, consideration should be given to the paying of their expenses through the ARDA administration. The work that they will be doing will in fact be of assistance to the communities.

Possibly the best suggestions that can be made will be made by local committees. As the hon. member for Provencher (Mr. Jorgenson) has said, if this kind of program is to be a success, it is essential that local feelings be taken into consideration. He also said that the experience in the United States has been that wherever there has been too much paternal activity with respect to the negotiation and development of programs there has been failure, and that the most successful programs have been those which were initiated at the local level by men and women who were completely familiar with the local problems of the community.

It seems to me there is sufficient authority in this bill to allow the minister to recognize these local committees and make arrangements for payment of their out-of-pocket expenses. I hope there will be no difficulty regarding the payment of these expenses so that these people will feel a little more free to devote their time, energy and talent to the discovery of the kind of programs that will be most beneficial to their local communities.

Rural Development

Mr. G. W. Baldwin (Peace River): Mr. Speaker, in light of what the minister has said, I should like to make a very brief comment. While I did not hear all of his remarks, I should like to congratulate him for the very reasonable attitude he has taken. As a minister with the support of the new wing from Quebec, I think he has given us an example of how he is now able to undertake his responsibilities in a more flexible manner, and we are very appreciative of that fact.

• (8:40 p.m.)

However, I think there is more in the question of a name than has been said. I understand that the minister indicated he had received a legal opinion suggesting that in order for the intentions and actions of the government to conform with the name of the legislation, there must be this change. But I would point out to him, because of the precedent that might be established, that the Parliament of Canada does have the right under the British North America Act to legislate with regard to matters of agriculture. It has no right to legislate initially with regard to matters of rural development.

I suppose the minister in the legal opinion he received was referred to section 95 of the British North America Act which says:

> In each province the legislature may make laws in relation to agriculture in the province, and to immigration into the province; and it is hereby declared that the Parliament of Canada may from time to time make laws in relation to agriculture in all or any of the provinces, and to immigration into all or any of the provinces; and any law of the legislature of a province relative to agriculture or to immigration shall have effect in and for the province as long and as far only as it is not repugnant to any act of the Parliament of Canada.

In other words, initially the Parliament of Canada can legislate with regard to matters of agriculture. It cannot legislate other than by parliament authorizing the government to enter into an agreement with the province. For this reason and in order that the name and intent of the legislation shall conform with the British North America Act—and of course I believe we are all very anxious to make sure this is done—we should not delete from the legislation the word "agriculture".

I leave it at that, Mr. Speaker. It seems to me the minister is quite aware of my views. I believe they are based on sound constitutional practice, and a departure therefrom might not be as acceptable to the provincial governments as the change that is proposed by our party.

Rural Development

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I was interested in the remarks of the minister, in opening the discussion on second reading of this bill, with regard to what I might refer to as the non-agricultural activities under the ARDA program and some of the reasons for the introduction of the bill, with particular reference to the ruling he suggested had been provided by officers of the Department of Justice. In the light of the minister's remarks I suppose I should describe this news release dated March 25, 1966, by the Department of Forestry as one of his illegal press releases. I should like to refer to it. The release states:

Expansion of the ARDA sponsored fisheries development program in the Port au Port Peninsula area of Newfoundland has been announced jointly by federal forestry minister Maurice Sauvé and Premier Smallwood in his capacity as provincial economic development minister.

On a federal-provincial cost-sharing basis, approval has been given to an ARDA expenditure of $60,000 for the provision of three 37-foot multi-purpose, heavy powered wooden boats to be used to demonstrate improved fishing techniques.

Then it goes on to describe this project in somewhat greater detail. I believe this is probably the latest of a number of such projects which have been undertaken particularly in the province of Newfoundland as I recall various bulletins that have been issued under the authority of the minister. My particular interest in this question—and I would like the minister when he replies to give the house some explanation on this point—is the relationship between this type of activity under the ARDA program and the activity that is proposed under Bill No. C-145 which is now before the house for consideration. Clause 3 of Bill No. C-145 has this to say:

The Minister—

That is referring to the Minister of Fisheries.

—may undertake projects,

(a) for the more efficient exploitation of fishery resources and for the exploration for and development of new fishery resources and new fisheries;

(b) for the introduction and demonstration to fishermen of new types of fishing vessels and fishing equipment and of new fishing techiques; and

(c) for the development of new fishery products and for the improvement of the handling, processing and distribution of fishery products.

Then in clause 5 of Bill No. C-145 it is proposed that the minister shall be authorized to enter into agreements with the provinces and other agencies for the construction and equipment of fishing vessels. To me at least this raises a question whether there is to be a duplication of activities between the Minister of Forestry under the ARDA program and the Minister of Fisheries under the proposed act for the development of the commercial fisheries of Canada.

I am wondering whether in this particular field there may have developed an area of competition between these two departments and whether we may have something of a jurisdictional battle that will determine if there will later be a transfer of duties in which the Department of Fisheries will be amalgamated under the Minister of Forestry and Rural Development. In this connection I would mention that the fishermen's union in British Columbia in its recent convention passed, I believe, a resolution suggesting that we should have an eastern Minister of Fisheries and a western Minister of Fisheries. I am not at all sure that the present Minister of Forestry could qualify in their minds for the position of western Minister of Fisheries. Nevertheless, in the light of certain other discussions in the field of agriculture with regard to dividing jurisdiction I am wondering whether this may be the direction in which we are headed.

Apart from that matter, Mr. Speaker, I think we should have clarification on whether, assuming parliament approves a new commercial fisheries development act, the Minister of Forestry anticipates turning over this sort of project to the Department of Fisheries; and if not, what means or methods will be followed to determine what type of activity will be under his jurisdiction and what type of activity will come within the jurisdiction of the Minister of Fisheries?

I may say that apart from the general interest in this matter that arises out of the situation in Newfoundland—and I certainly have not quarrelled in my own mind with the fact that the ARDA program was engaging in this area of activity in Newfoundland, with its limited agricultural areas—I have been rather puzzled as to the authority under which ARDA, as I understand it—and my understanding has not been too detailed or extensive—enters into agreements of this type, which have no reference whatever to agricultural activity.

I also feel and have felt for some time that there may be real possibilities of combined land use development, perhaps in certain areas of my own constituency, where the combination of an ARDA-type program for land development, with participation by the Department of Fisheries in the improvement of salmon spawning, might be developed. If the minister can give us some indication how

this multiple land use in areas of this kind will work out under the proposed amendments to the Agricultural, Rehabilitation and Development Act and in the light of the proposed new commercial fisheries development act, it might be very useful not only in our consideration of this bill but also in our later discussion of Bill No. C-145.

• (8:50 p.m.)

Mr. Eric Stefanson (Selkirk): Mr. Speaker, I want to make a few comments on this particular bill. I was pleased to hear the minister's statement tonight, although it was pretty well based on the new five-year agreement. To start with I want to say that I am opposed to the change in name of this particular act as proposed in clause 2 of the bill, which would change the name of the act to the Rural Development Act. I think the original name was very fitting.

The original act was divided into three parts. It specifies the various types of projects and in section 2 deals with alternate uses of land. Section 3 provides for rural development projects, while section 4 provides for soil and water conservation projects. I believe that under those three headings almost any type of agricultural or rural development can be undertaken. Therefore I think the renaming of the act is quite unnecessary and very unfair, because ARDA has become a byword in Canada.

In the minister's brochure entitled "Federal-provincial rural development agreement, 1965-70", the introduction refers to ARDA a dozen times, which indicates how important is the expression ARDA and the emphasis that is placed on that particular expression. Therefore I hope that, whatever the minister does, he will keep that term.

In the brochure published by the Department of Agriculture in the fall of 1963 entitled "ARDA—a program geared to problems, possibilities and progress in the development of natural resources and income and employment opportunities", the general objectives of the program are set out on page 4, as follows:

> All of ARDA's primary objectives fall within the general area of conservation, comprehensive resource development, and community development. Possible projects under ARDA fall into four broad categories:
>
> 1. Projects for alternative uses of land,
> 2. Projects for soil and water conservation,
> 3. Rural development projects—assistance to rural communities to develop and diversify their resources and to create income and employment opportunities,
> 4. A wide range of research projects—particularly social and economic research, to uncover avenues to improving conditions in rural areas.

I think, Mr. Speaker, that under those four headings you can undertake almost any type of project, certainly in rural Manitoba.

I have great faith in the original act and in what it will do for a great many rural areas in Canada. The minister referred to the Interlake area of Manitoba, which is in my riding and is a designated area. It was declared a test area on March 15, 1963 and later that year was declared a designated area. There has been considerable development in that area. The minister has been out there so I know he is familiar with the Interlake area of Manitoba.

I just want to show some of the projects which have been approved in Manitoba under that particular program, Mr. Speaker, and there are a wide variety of them. For instance, there was a project to appraise the commercial fishery, to determine the economic benefits which could be derived by the rural people of the Interlake area. Another project was a study of ethnic group values in the Interlake region to determine the basic values of ethnic groups with respect to receptiveness, adjustment and change. Then a general economic survey was made of the Interlake region to take inventory of and to analyse regional resources. Another project was a study of the feasibility of establishing industries that are suited to the Interlake region. A very large variety of projects have been approved, and I feel that the old act is wide enough to undertake any type of project in rural Manitoba.

I should just like to refer to the new agreement. The minister referred to section 4, which reads as follows:

> The national contribution of Canada shall be:
>
> (a) an amount of $125 million to be allotted to the provinces, the expenditure of Canada not to exceed $25 million in any one fiscal year;—

The minister pointed out that this was a great increase over the original agreement, and rightly so.

> (b) a Special Fund for Rural Economic Development of $50 million, as described in Section 37 of this Agreement.

I take it that this $50 million is the $50 million referred to in Bill No. C-151. I had hoped that that provision would be incorporated in the bill presently before us, because I think it would certainly fit in with this bill. The $50 million is designed to help designated areas, and I would take it that an area like the Interlake area of Manitoba would fit into that particular category, if they qualified for assistance under that act.

I just wanted to let the minister know that I am very interested in this particular program and I am glad that he is taking a real interest in it. However, I would certainly prefer to see the phrase "ARDA" perpetuated.

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I think it only fit and proper to say a few words on this bill and the proposed changes to the act in view of the fact that some of us put in a tremendous amount of work in the initial stages in bringing this act into being. I have followed it with great interest during the past few years and I certainly intend to continue following the success of ARDA.

I should say to the minister, since he has chosen to rename the Agricultural Rehabilitation and Development Act so that it would be known as the Rural Development Act, that I see no purpose in the move. Would a rose smell as sweet by any other name? Actually, I think he now has a title which will not fit.

The ARDA program with respect to projects, is divided into two parts. One section has to do with area rehabilitation and the other with individual farm rehabilitation. Area rehabilitation is primarily carried on under contracts with the individual provinces, but this requires a program. I should like to have the attention of the minister while I am taking to him, if he does not mind.

• (9:00 p.m.)

Farm rehabilitation is a different matter. You cannot rehabilitate farmers by some broad, over-all program; you have to get down to the level of the farmer and co-operate with him. You need a man who is trained in farm management, who can sit down with the farmer and work out a plan. You may have to buy adjacent land to make an economic unit. Then perhaps loans will be needed. The cost is tremendous, but it is worthwhile. You have to undertake a farm management study of the individual farm. You must give personal attention, supervised attention to this plan for the individual farm. As yet, I have seen no indication that such a program has been in operation or that the minister intends to put such a plan into operation. I have not seen any indication he intends to adopt a program for the rehabilitation of the farm in Quebec or elsewhere.

There has been no attempt to try to get agricultural graduates or university trained men in farm management to handle these programs. The minister has not brought forward any plan to take care of the individual farm. He has been looking at the area as a whole. I would be happy if the minister could show me any attempt whatsoever to solve the problem of the individual farm in the programs adopted since he became minister.

Let me say that the word marginal has been used in this bill. I should like to ask the minister what he means by marginal. Marginal may mean one thing in Quebec and it will certainly mean another thing in Ontario. Out west, marginal will mean still another thing. This definition may depend on what you can raise on that land or the income you derive from it. Where do you get the word marginal; marginal to what?

Then, the minister has gone a step further and has referred to lands which are submarinal. If you do not know what marginal means, how can you tell what submarginal means? I would defy the minister to give me a definition of marginal lands in such a broad act. He cannot do it. He is not an economist, and I am. I am telling him, for his own benefit, that he cannot define the word marginal in a broad act such as you have here. I hope the minister gets along all right with this provision, but he is going to be in trouble when he goes out on the hustings. He is going to be asked what marginal land is, and he had better be ready to answer the question.

Let me say a word about soil conservation. This is an important aspect of an agricultural program. I was hoping that this minister, and this government, would undertake such a program in co-operation with the provinces. I was hoping such a program, in turn, would have particular application to raising the productivity of various agricultural lands. If such a program were carried out as it was in the United States, it could be tied into other types of programs by which the pattern of land use could be changed. Soil conservation programs have been tied in to programs to restrict certain crops. I do not know whether the minister's ideas have progressed to that point or whether he has that sort of thing in mind. I doubt if he has. However, if he is going to get into the field of conservation, and if he is going to get the co-operation of the farmers, he will have to get into such things as contour plowing, in order to prevent land from being washed down into the creeks and rivers. Farmers will have to plant soil conserving crops and the minister will have

to encourage them to do so. These soil conserving crops may need to be plowed under in order to conserve moisture.

Is the minister going to get into conservation programs which will offer payments to the farmers to do that sort of thing? It has been done elsewhere. It has been done in the United States. Are you going to go about these things on an individual farm basis or are you going to put conservation into effect in an area generally? Is the minister simply thinking of conservation on the basis of spreading some commercial fertilizer that may be required by a particular farm?

I understand that the minister is a lawyer from Montreal and perhaps does not know too much about farming—I am sorry, the Magdalen Islands, I stand corrected. I say to him that he should go across Canada. He should come out to Alberta, where my riding is, and I will show him the things about which I am talking. I will show him some of the work we want done by ARDA. This idea of concentrating on one part of Canada or one corner of Canada, is not good because ARDA was developed to have a broad application to the whole country. We would like to see the minister come out and become familiar with our problems. I will rest the argument at that point, sir, provided the minister will explain what he means by marginal.

Mr. Howard Johnston (Okanagan-Revelstoke): I should like to intervene briefly in this debate to speak about the change in name of the Agricultural Rehabilitation and Development Act. If the minister thought it over, Mr. Speaker, perhaps he would be happier if the agricultural part of the name were left; and if his amendment were to the effect that the legislation should be called the agriculture and rural development act. Certainly in British Columbia the name of the act is not yet a household term. There has been a feeling in that province that projects have been approved very slowly and rather rarely. I believe this situation is changing. It certainly has changed in the constituency I represent. We have 37 major projects under way now, having to do particularly with irrigation.

• (9:10 p.m.)

The Vernon *News* of February 28 announced an extensive rebuilding of the Vernon irrigation system at a cost of $6 million. This project is a most worth-while one. Then again on March 24 two smaller projects were approved, again in the north Okanagan. There was the Woods lake improvement district irrigation system and the Grandview irrigation system. The local newspaper, in reporting this development, does not use the abbreviation but refers to the act in its full, although cumbersome name, Agricultural Rehabilitation and Development Act. This may be just a wish on the part of this very fine newspaper to be extremely exact and proper. Also, I think it is an indication that ARDA had not been until recently sufficiently involved in the Okanagan area, or at least, it may be an indication that it had not been involved there as much as it may have been in other parts of Canada.

I think, were the word "agricultural" to remain in the name of the act, it would be a good idea, because it would provide emphasis on the practical as well as the theoretical aspect.

I should think in agricultural development, as in irrigation projects that I have outlined, you always have the assurance that this is of immediate benefit to the district, and the name would make it immediately obvious.

The announcements of agricultural development can be hailed by anyone interested in the welfare of the districts involved, and what is then obvious is that the whole concept of rural development benefits by having a very close relationship to agricultural tradition and agricultural enterprise in Canada.

The efforts that will be projected and undertaken that are solely rural development and that have no direct connection with agriculture will, I think, not necessarily always but very frequently, be of a more controversial nature.

We have had various projects outlined, some of which have been criticized this evening as being altogether too nebulous for an organization, or for an act such as this to be considering. What has been outlined in this house today justifies that these measures should be taken. In fact, I think the act should be administered so as to involve enterprises that are daring, that are original, and that are unusual for agricultural development across the country. I think it is absolutely essential that the whole thing remain as imaginative as possible, to that end.

At the same time I believe that ARDA should retain its strong and practical agricultural base that is now being so well administered in the north Okanagan region. I think that the minister would be well advised not just to tack ARDA on the end of the name,

but to include the word "agricultural" in the very title of the act itself.

I think there might be danger in future of people being critical of some things that are planned to be undertaken. They might wonder what had happened to the act they knew as ARDA, when really, it would still be around. I think it would be a good thing for the people who will be concerned to know that there is continuing development going on under this most worth-while agricultural enterprise.

Mr. H. W. Herridge (Kootenay West): I cannot resist saying a few words on this type of legislation. All members of our group support the principle and purpose of this type of legislation. Let me say, Mr. Speaker, that I rise to speak this evening as a rancher, as a tree farmer and as a man interested in rural development, and particularly as a man interested in the welfare of our small communities; also, as president of the Canadian Tree Farmers Association. What more can I say?

An hon. Member: A wealthy farmer.

Mr. Herridge: This legislation has the support of large numbers of organizations in this country. It has the support of the Canadian Federation of Agriculture, the farmers unions, the Western Reclamation Association, many conservation groups, many community organizations, the Christmas tree farmers and the Canadian Tree Farmers Association.

At this point I might say that we held our annual meeting last Saturday in Ottawa. The minister sent a very nice message to the meeting, and the members present asked me to convey their best wishes to him, also their congratulations, and to wish him well in all he undertakes in the administration of this act.

An hon. Member: Carried.

Mr. Herridge: Mr. Speaker, the hon. gentleman opposite never opens his mouth without subtracting from the sum total of human wisdom.

An hon. Member: Shame.

Mr. Stewart: Would the hon. member permit a question? May I ask the hon. gentleman, if he agrees that the principles of this legislation are so good, will he not let the bill pass the house so that the people of Canada may have the advantage of it.

• (9:20 p.m.)

Mr. Herridge: The principles of application are excellent, but I question the administration. There have been excellent agreements signed with various provinces. Personally I was very pleased that the hon. member for Okanagan-Revelstoke (Mr. Johnston) referred to the agreements signed with the government of B.C. for the renewal of irrigation projects in southeastern B.C., and in particular in the Okanagan district. This is appreciated by the fruit growers, the local farmers and the communities directly concerned, but I believe this type of thing cannot be undertaken on the basis of a crash program. The legislation has got to be developed as the result of experience, research, planning, and the participation of a large number of people.

I should now like to draw to the minister's attention a few of the suggestions we discussed at the meeting we held last Saturday. We are very much in favour of combining agricultural activities and forestry activities of this type under one department, as they were formerly. In European countries, in Sweden, Norway and Great Britain they found a very close relationship between the development of agriculture and the development of wood lot ownership, or forestry of this type, in relation to the rehabilitation of rural communities, and their maintenance and improvement. There is a sort of joint objective in that respect. In passing may I say we were very pleased to see that both these subjects are going to be discussed by the same committee of the House of Commons at this session.

Next, there has to be a great deal of co-operative research undertaken by the federal and provincial governments, by the universities and other organizations. In this connection I say to the minister, do not overlook the contribution that the average, shall I say, intellectual rural observer may make to rural administration. There is many a man who does not have a college degree, who does not belong to the intellectual elite, but who can offer very sound suggestions to those who have had those opportunities. We should encourage in every way possible the smaller communities to participate on an administration basis with respect to the operations of this act.

There must be a great deal of planning over a long period of time. It is not a question of a crash program. We have to

develop this program as the result of experience and by carefully approaching the planning on a regional and community basis, after agreement has been reached in principle in the agreements signed with the provincial governments.

We also discussed the question of the advisory committees, and I might inform the minister that our organization is intending to co-operate with the Canadian Federation of Agriculture in offering any advice the minister would welcome from these organizations in the administration of this act and in relation to particular circumstances in any particular community.

In addition, we have to have much wider publicity and better public relations. We have to get a larger number of people understanding the principles of co-operation and their application to an act of this kind. That is going to require improved public relations on the part of the minister's department. In some respects we have fallen down in that direction.

I would suggest that not only is it necessary for the minister and his officials to address bodies of national organizations but, so far as possible, to get their men out in the field in the various provinces so that the presence of the federal government in the application of the act is felt right in the rural communities.

As I said before, there is much room for research on a regional community basis; and I have one other suggestion to make before I sit down which, as a matter of fact, comes from the organization the presidency of which I have been entrusted with for another two years. It has been endorsed by that organization and by several members of the faculties of universities throughout Canada. In short, there is a need for a college of conservation.

I see that this idea has almost been started in Quebec by some summer school. I do not know whether it receives a grant from the provincial government or not, but it is a summer school to teach the principles of conservation in relation to the development of the rural community.

I am not suggesting any large expenditure of money, but I do suggest there is a place in Canada for a college of conservation, erected under the correct circumstances, with the right environment, with provision for the teaching of, say, 50 students, including overseas students in Canada, and which might have a skeleton staff of not more than 10—maybe less; maybe five—I do not know. Such a college could ask the co-operation of universities across Canada for guest speakers to attend on the basis of lectures to be given for a week or 10 days on particular subjects. In my opinion this would be inexpensive.

In the first instance we have the material. We have the personnel in the various universities and organizations interested in the development of this act and its administration. In fact, it might be possible to offer some sort of diploma, or associate diploma, for study extending over a year, 18 months or two years. I am not clear at the moment as to the length of the course, but it should be something that could be given to young men and women interested in the development of rural rehabilitation in this country. This would provide an opportunity for a large number of young men, who are not concerned with going to universities and having academic qualifications, but who are interested in the problem and who would be able to take advantage of this, more or less, vocational training.

It would also serve the purpose of giving overseas students an idea of our approach to the principles of conservation. It would give an opportunity to many young Canadians to serve Canada and their own communities, and to serve them according to the principles of conservation and co-operation in the administration of the act itself. With those few words I resume my seat trusting that hon. members opposite realize I have not trespassed too much on the time of the house.

Mr. Heath Macquarrie (Queens): Mr. Speaker, I wish to say just a few words about this measure. Coming from a province which, as the minister well knows, has taken a great interest and done much research, and launched many studies in this field, a province the land of which is perhaps more fully utilized for agricultural purposes than any other portion of the country, I could not but be interested in this measure. I would like to say in passing that, so far as I have been able to observe, the minister has shown an interest in the problems concerned, and I wish him well in his endeavours.

I am not quite content with the word rural. I do not want to elaborate on my views at this stage of the discussion, but I wonder if it might not in certain areas be a bit exclusive in a sociological sense.

The reason I rise is to commend an initiative in this very important field of ARDA, as

we have called it up until now and probably will continue to call it. It is a most imaginative piece of legislation which some of us have long felt has been languishing, and if a change of name will bring it greater fame and emphasis, I will go along with that.

Of all the things that were brought before the house in the years when our party was in power, this was one of our finest contributions, and if the present administration wishes to change the name in order to make it a more imaginative and attractive policy, that is fine, although I do have reservations on the word rural.

I would like to say, Mr. Speaker, that I am happy that here in legislation we have underscored what is a Dominion initiative in agriculture. I am speaking in the broad sense of agricultural jurisdiction, which is a concurrent jurisdiction; and here we have underscored, in section after section, a dominion initiative, with the dominion co-operating with the provinces. This is very important and most welcome. If there is anything I have noted in recent days that has disturbed me, it was the statement of the Prime Minister (Mr. Pearson), as reported in the press a few days ago, that the problem of opting out would be no longer very important because the Dominion would not be opting in. In this country, with its great diversity, especially in economic fields, the initiative of a dedicated, concerned, and informed Dominion government is of the essence.

If there is anything we can do to support the minister in making this legislation more meaningful, in making the Dominion initiative more meaningful and in supporting his efforts to elicit the co-operation of the provinces, I am sure we are all for it. We do not want to see the Dominion opting out of programs which are of benefit to the whole country. To the extent that this legislation reflects the Dominion's desire to stay in, to pioneer, to initiate, then I commend it, and commend the minister, and will support him on the suggested amendments.

• (9:30 p.m.)

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, I will not take up very much of the time of the house this evening. However, I wish to express my interest in this act and the purpose for which it was founded several years ago by the former Conservative administration. I, of course, was not a member of this house at that time; but we looked on it with interest and favour, especially in our part of the country, because at that time I happened to be the mayor of the town of Napanee when we were faced with a very acute water shortage, and just such a scheme as this was put into effect by the federal, provincial and municipal partnership. This turned our dearth of water into a plentiful supply, the most important thing that mankind needs.

I have a clipping here from the Napanee *Beaver* which I thought I would have time to bring to the attention of the minister because I know he would be interested in this illustration of what can be done when three authorities unite in such a scheme as this to increase a municipal water supply and to reforest these watersheds, of which we have many across Canada, which are in a condition which is a detriment to our country today. Development is needed in these areas. What a wonderful opportunity we have now. I speak from experience, because I am one of the political fathers of the Second Depot Lake dam in the upper reaches of the Napanee River which is living proof that ARDA and conservation will work and that our country's resources which have long been latent can be developed.

Let us all get together and make this work. I have a few more remarks, Mr. Speaker. I am sorry to see the government attempting to change the name of this act. ARDA is a byword across the country already, because it did make significant progress under the other administration. It probably has been marking time since then, but I hope in due course it will make as much progress as it started out to do.

The letters ARDA represent what one might term a mellisonant acronym. I ask the minister, why now change that acronym, that handy term ARDA. I do not know any reason for change. Some say it is retaliatory action on the part of the government. This reminds me of the great rivalry between Rome and Carthage that we learned about in ancient history. The Romans hated the Carthaginians and their policies so bitterly that by the time they did overthrow them they tore every building down in Carthage and then plowed the ground, so that never again would there be any identity with the name Carthage. It looks to me as though that is what the Liberal government is attempting to do here; that is, to eradicate all that stands of the title of the good legislation which was put through in the period from 1957 to 1962.

Again I reiterate my profound and active interest in this act and what it will do. Of

course, primarily it is rural assistance. I have here a letter from a farmer who was hard pressed, like thousands of other farmers in Canada today. I should like to quote two lines, where he says:

> We don't want to be able to borrow a lot of money from the government to live on; we want to be able to earn it.

This is what we should get from this legislation, an opportunity for the farmers and the working people to earn, so that they do not have to sign huge mortgages and commit themselves for the rest of their lives to debt. All they want is just a little help. Every rural area, with help from ARDA perhaps can turn the tide economically for these farmers. This man also says:

> Most farmers I know wouldn't be able to pay interest on $30,000 or $40,000, let alone paying on principal.

That of course is true. He says:

> In our community a large percentage of farmers or their wives are working off the farm because they can't survive on the income the farm brings; however they are still producing milk, beef and pork and they are doing it at a loss because they don't depend on the farm any more for a living.

So much for the case in respect of ARDA, and for the speedy going ahead with what is meant by the words of this act. From my observation of the areas adjacent to my own area, I know that rural Canada needs development of our watersheds for the conservation of water. Not so far away from Ottawa where the minister, I hope can go and see it at first hand is the development of the Napanee valley. The Napanee river, of course, is a river which runs mostly in the counties of Frontenac and Lennox and into the Bay of Quinte and Lake Ontario. I am sure the minister knows where it is.

Rural Canada needs, first, development of all our watersheds for the conservation of water; second, reforestation of adaptable forest lands in a productive manner to ensure continuous annual production of timber and wood products after a certain long-term growth period; third, in the areas of these watersheds where soil is suitable for agriculture, clearing and restoration of the old fields must take place; fourth, grants for the use of heavy machinery for land clearing, such as clearing of principally scrub brush, must be available, and also for tile drainage of these cleared fields where this type of drainage is necessary.

In addition grants, then, in turn, are needed for fertilizer and any other services necessary to put these lands into production. Fifth, in turning these regions of our country into productive lands, which now are unproductive or close to being a non-productive liability, we need the advice and services of our top engineers, agricultural scientists and silviculturists. The members of the house can see how this will create a tremendous amount of employment, prefessional employment of a very high calibre, because very high calibre of people are required to help us plant and take care of these plantations. With the type of management which is envisaged, perhaps the farmers will go on farming as they never farmed before on rejuvenated land. Deeds to the land quite properly could be retained by the rural population. There is no advantage to uprooting all the farm population and sending the people to the cities where probably they would have a lower level of living than in the country. They would be able to stay where they are and make a living off land which would be more productive than it formerly was.

Then there is the responsibility of the government, through the ARDA directorates and co-ordinating communities, to render scientific soil and crop adaptability studies, and even marketing adaptability studies, to make sure that the right varieties and species of crops are grown on this rehabilitated land. We are about to celebrate our first centennial, and this ARDA proposition is a long term project; it will take at least half a century to put it into full operation. It made a good start under the Conservative administration. We need not waste time or energy changing the title of the act. Let us go to work and make this proposition develop.

There is also a recreational aspect of ARDA. Already we have recreational interests which are anxious to obtain loans in the Laurentian area. In my office now I have a letter from persons who are interested in starting a skiing establishment on land that is not worth very much now. It is proposed to have ski jumps, trails, mechanical lifts and so on. This is in an area in Renfrew county on marginal land and in a beautiful hilly location. I have referred this suggestion to the Minister of Forestry (Mr. Sauvé), the Minister of Agriculture (Mr. Greene) and the hon. member for Renfrew North (Mr. Hopkins). I hope this type of scheme can come under the scope of this new act and be placed early on the agenda of things that can be done. The operation of these kinds of resorts is an industry which provides employment and can certainly be of assistance to these remote undeveloped regions of our country.

• (9:40 p.m.)

There are many other points we could refer to, but we hope to have an opportunity to discuss them at another time. I thank the hon. members of this house for the courtesy they have shown in listening to the points I have put to them. In conclusion, I again say, let us get on with the job of making ARDA work as a measure increasing the prosperity of Canada.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: It has been moved by Mr. Turner for Mr. Sauvé, seconded by Mr. Côté (Longueuil) that Bill C-152, an act to amend the Agricultural Rehabilitation and Development Act—

Mr. Kindt: Mr. Speaker, I should like to interrupt on a point of order and ask the minister whether he intends to answer some of the questions we have posed? There still is time for him to do so.

Mr. Speaker: I am not sure whether at this time, the question having been put to some extent, the minister should be allowed to speak.

Mr. Kindt: I was up before the question was put, Mr. Speaker.

Mr. Speaker: Perhaps we should allow the minister to speak, but if he does he will close the debate.

Hon. Maurice Sauvé (Minister of Forestry): Mr. Speaker, I am prepared to answer hon. members' questions when we reach consideration on item 1 at the committee stage, but if hon. members prefer that I do so now I will be pleased to comply.

It must be clear from what I said in opening the debate this evening that Bill C-152 is strictly of an administrative nature. Had it not been for an interpretation given by the Department of Justice regarding the restrictive nature of the original bill we should not be considering the bill now before us. I trust hon. members understand clearly that that is the only purpose of this bill. This will be apparent from a reading of the explanatory notes in the bill, which are in part as follows:

> The general purpose of these amendments is to extend the application of the act to all rural areas in Canada where projects of the nature provided for under the act can be advantageously undertaken whether or not the area in question is in whole or in part an agricultural area.
>
> This amendment removes the reference to agricultural lands from the long title and eliminates the preamble which is considered to restrict the application of the act.

The underlining of the words in the bill clearly indicate where the amendments are to be made. At the risk of being repetitious, let me say again that the purpose of this bill is purely administrative. There is no intention at all to amend this very beneficial legislation which was passed in 1961 under the previous administration.

In my opening remarks I paid tribute not only to the minister of agriculture originally responsible for this act, but also to the minister before him who introduced this legislation by way of a report to a cabinet committee. I refer to the hon. member for Calgary North (Mr. Harkness). We have proposed this bill in order to comply with a request from the Department of Justice.

Having regard to the word ARDA, which in French we call SIGLE, after discussion on March 18 when the Minister of Fisheries (Mr. Robichaud) introduced the resolution and the remarks of hon. members of parliament at that time, we decided definitely to retain that name. On March 18 the Minister of Fisheries said, as recorded at page 2886 of *Hansard* for that date:

> It is proposed that the term "ARDA" continue to be used to refer to the Act and the program—

We originally proposed to the drafters of this bill that the name ARDA should be included in the new title but we were informed that this was not necessary. However, because of the remarks of hon. members on March 18, as I said earlier I propose to move an amendment to clause 2 in the bill in order that the name ARDA will remain.

I hope that all hon. members will accept my explanation that the only purpose of this bill is an administrative one. I thank all hon. members for their interest in this bill, most of whom have referred to the continued use of ARDA. Perhaps I may be allowed to reply first to the remarks of the hon. member for Roberval (Mr. Gauthier).

[*Translation*]

May I point out to the hon. member for Roberval (Mr. Gauthier) that the constitution itself justifies the federal government to intervene in the field of agriculture. Indeed, section 95 of the constitution authorizes the

intervention of the federal government in rural matters.

But what is more important, in my opinion, and what has escaped the attention of the hon. member, is the fact that Bill C-152 does not add anything to the original bill. What he now blames us for undertaking already existed in the original bill and we have not taken any new initiative.

Besides, it is strictly in the field of research and inquiries that the federal minister can have programs and projects prepared and undertaken directly or in co-operation with the government of any province. That is strictly limited to inquiries.

If the hon. member for Roberval would read over the federal-provincial agreement on the economic rehabilitation of agricultural areas, he would see at once that all projects are to be undertaken jointly and must essentially originate from the provinces.

As far as the advisory committee is concerned, we have established ours at the federal level and the provinces can very well institute theirs.

The advisory committee which we have instituted at a federal level, is made up of about 30 people, and I shall list them because I think it is important to show that we never lost sight of the need to include in that Canadian Rural Development Council the best elements in the field, people who as a result of their functions in organizations or by their reputation, can best contribute to improve the legislation and its administration.

And I should not want anyone to think that when we consulted the organizations or when we made those appointments, we had any other concern but that of the good and the administration of the ARDA legislation.

I am going to give the names and hon. members will be able to see for themselves: the president of the Canadian Federation of Agriculture; the president of the National Farmers Union; the director of research of the Agricultural Economics Research Council of Canada; the director of research of the Canadian Welfare Council; the vice president of the Canadian Forestry Association; the editor in chief of the newspaper *La Ferme*; the president of the Canadian Wildlife Federation; the manager of the South East Kelowna Irrigation district, Western Canada Reclamation; the manager of the Canadian Chamber of Commerce; the director of the Co-operative Union of Canada; the director of research of the Atlantic Provinces Economic Council; the chairman of the Indian-Eskimo Association; the general director of the Confederation of National Trade Unions.

Some hon. Members: Carried, carried.

Mr. Sauvé: A representative of the Fisheries Council of Canada; a lady representative of the National Council of Women of Canada; a representative of the Fédération des caisses populaires—

Some hon. Members: Carried.

Mr. Sauvé: And so on. I see that my hon. friends have regained confidence and that we may now, with leave of the house, proceed to the committee stage.

However—

• (9:50 p.m.)

[*English*]

I should like to give a definition to the hon. member for MacLeod (Mr. Kindt). I wish to give him a definition of marginal land and submarginal land, although I would tell him immediately that we are not using these words any more and have replaced them by the words "more efficient use and economic development of rural lands". However, under the old jargon marginal land for agriculture is land that will not give adequate returns to labour and capital invested in it for agriculture, and submarginal land is clearly not economic in agriculture. Those are the definitions and I hope they satisfy the hon. member.

Mr. Danforth: Mr. Speaker, before the minister resumes his seat I wonder whether he would answer a short question. If he does, it will perhaps not be necessary to ask it on clause 1 in committee. Would the minister in very short terms give the house some indication of the projects that are non-agricultural, to which he referred. I believe he spoke of Newfoundland, the maritimes and northern Saskatchewan in this connection. I think the house would be interested to know the type of project which could be classified as non-agricultural.

Mr. Sauvé: There was development in certain outports of Newfoundland, in which there is clearly no agriculture at all. They were limited to fisheries development projects and programs. I referred to specific cases of that nature.

Rural Development

Mr. Barnett: Mr. Speaker, I wonder whether the minister before resuming his seat could answer the question I raised about overlapping jurisdiction in the area of fisheries.

Mr. Sauvé: The hon. member for Comox-Alberni (Mr. Barnett) raised problems in connection with the overlapping of various departments. Hon. members will notice that Bill No. C-145 is now being introduced, so this kind of program did not exist before. This is why we have entertained such programs. In any case, we never accept a project from any province unless it is approved by the federal department or departments involved. We cannot accept projects if a federal department thinks the province can do it better. In most instances these projects under ARDA are implemented by the provinces themselves, which means that the federal government does not have to set up the machinery to implement them. But there can be no overlapping because we do not accept any project unless it is approved by the federal department or departments concerned.

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

On clause 1—

Mr. Peters: Mr. Chairman, I was opposed to this bill, and still am, for the very simple reason that I do not believe it is at all necessary. I am concerned about two matters. I have just received a copy of the French version of the bill. The French version has absolutely no relationship to the English version, no matter what we do with the terminology. I cannot read what it says in French so I shall not attempt to do so.

An hon. Member: The initials are different, too.

Mr. Peters: I hope it means the same thing, although as far as the initials are concerned I suppose it was very difficult to get "ARDA" out of the original bill in French and the minister has indicated that in the province of Quebec they call it something else.

If the Department of Justice advised the minister that the bill had to be amended in this way, I think the minister has an obligation to explain to us why the Department of Justice allow the building of fishing boats under the program we call ARDA, when fishing was not even mentioned in the original bill. There is no legitimate connection between fishing and rural development and agriculture. I have no objection to this program dealing with fishing. However, I have read the catalogue for the past six months and am very surprised to learn that most of the research in the province of Newfoundland as well as in several other provinces has been in connection with the fishing industry. They have even dealt with the construction of fishing vessels, the purchase of gear, the establishment of co-operatives and other matters that are concerned with the fishing industry.

I am opposed to making this change because we have not been given a satisfactory explanation of the advice given regarding the name of the previous act being in contravention of the law. The legal officers of the Department of Justice have apparently advised the minister that we would be in a better position if the name were changed, but I really do not understand the reason for this advice being given. I am very satisfied with the minister's explanation, but I do not understand why we were in contravention of the law in regard to the previous act and how our position is improved by making this change. Perhaps there is not an explanation. It is probably a highly technical, legal explanation.

A number of sections of ARDA involve almost completely unrelated things at the present time. There are the federal-provincial shared programs concerned with the development of a particular aspect of ARDA. Another section of the act refers to research which can be undertaken, initiated, financed and operated by the federal government. In view of this, Mr. Chairman, I wonder why the minister is opposed to including Bill No. C-151 as another clause of this bill.

Mr. Sauvé: Precisely for the reason dealt with by many members on the other side of the chamber. We do not want to alter the original act except by changing the word "agricultural" to "rural". We wanted to keep the same act because we felt it was a good act, and we were introducing a new measure for some other purposes, although they are related to the ARDA administration. We never had any intention of changing the original act, and that is why we presented amendments strictly in accordance with the request of the Department of Justice. I give my word that otherwise there would have been no amendment. As the minister concerned, I have no intention at all of changing the act.

• (10:00 p.m.)

It is true some of the projects were accepted, but the cabinet undertook to present these amendments. Otherwise we would not have carried the projects mentioned by the hon. member. It was only when we as a government undertook to present amendments to the act that those projects could be accepted, and that was the only reason.

Mr. Peters: Now that the minister is amending the act, is he not of the opinion that Bill No. C-151 is only an extension of the principle, though into a slightly different field? There really should not be objection to adding this additional section.

Mr. Sauvé: Under the agreements which have been signed and which are an extension to the act, the usual method of contribution is 50-50. Under the rural development fund there is no such limitation. We have more initiative under Bill No. C-151 than we would normally have under this federal-provincial rural development agreement. This is one of the reasons we are presenting Bill No. C-151, though there are a number of other reasons I shall give when we reach that bill.

Mr. Peters: Is it not true that these agreements which have been mentioned under the program are only one section of the act? The financial arrangements are entirely the responsibility of the federal government. There is really no argument against adding this section because of the similarity. I am not suggesting you include the section dealing with the 50-50 arrangements, but the other sections provide for a different type of arrangement entirely.

Mr. Sauvé: Because of the method of financing under the special fund which was created, which can be replenished when exhausted, we felt that we should use the formula used by the Atlantic Development Board.

[*Translation*]

Mr. Ricard: Mr. Chairman, in his explanations, at the beginning of his remarks, the minister said that certain projects cannot or could not be accepted. Can the minister give an example of this?

Mr. Sauvé: Mr. Chairman, a few moments ago I explained to the hon. member for Timiskaming (Mr. Peters) that they were, among others, projects for certain areas of Newfoundland where no farming is being carried out.

[*English*]

Mr. Kindt: As the minister has said, the term "ARDA" has been used for a number of years. In western Canada it is known by that name and has been popularized. It has also been explained that the municipalities and everybody concerned with the act are familiar with that term. There is no need whatever to change the name of the act. I think the minister will have to make an amendment to the bill to bring in the term "ARDA", so that there will be no misunderstanding in the other nine provinces of Canada.

Mr. Sauvé: I already announced that, Mr. Chairman, when I introduced the bill this evening. I said I was going to present an amendment—I have the text here—which will clearly incorporate the expression "ARDA".

Mr. Kindt: One other point. I do not like the word rural because it does not fit in with the types of projects carried out under ARDA in western Canada, or for that matter in all parts of Canada. The word is misleading. I think you should take another look at the word rural, to see if you cannot get rid of it, too.

Mr. Sauvé: I do not understand the hon. member, because the act which was passed by parliament was entitled, "An Act to provide for the rehabilitation of agricultural land and development of rural areas in Canada." It was good then, and it must be good now.

[*Translation*]

Mr. Gauthier: Mr. Chairman, I have a question for the minister. He has just said that the reason for the change in the name given is that Newfoundland has no farming industry. But I would ask him whether the fisheries act which was applied to other provinces would not have been adequate for Newfoundland also. Does Newfoundland have fisheries like other provinces?

Mr. Sauvé: Mr. Chairman, I gave the example of Newfoundland. There were some cases in the province of Quebec, in Saskatchewan and in Alberta, where there was no farming or possibilities for agriculture. At that time, the Department of Justice informed us that we could not, unless we undertook to change the act, accept such projects.

Mr. Gauthier: Mr. Chairman, it seems to me that ARDA enabled a well-located farmer to benefit from ARDA in certain areas.

Mr. Sauvé: Mr. Chairman, such was also our interpretation of the act, at ARDA. The Department of Justice ruled otherwise, and we accepted its decision. That is why we must introduce this bill today.

[*English*]

Mr. Barnett: In the light of the earlier remarks I addressed to the minister concerning the relationship between ARDA programs and the proposed fisheries development bill, I should like to ask him if he envisages the possibility of certain projects being developed with provinces in which there might be joint participation by the Department of Fisheries and also by ARDA, and which might involve both fisheries development and certain other aspects of rural development. Does the minister foresee the possibility of this kind of development taking place in provinces such as Newfoundland or, for that matter, in any provinces in which a proper case could be made for such a project?

Mr. Sauvé: It is quite conceivable.

Mr. Webb: I posed a question to the minister earlier in which I referred to the fact that ARDA was supposed to be prepared to assist industry, or the building of factories in designated areas. I have been unable to find any mention of industry or factories in the act, so I should like to ask the minister if such projects come under ARDA?

Mr. Sauvé: I was sorry that this afternoon when the hon. member asked me the question I could not answer it because the question was declared out of order. The answer is yes, and it is done under the federal-provincial rural development agreements. There is no mention of this in the act. It is under the agreements that we have entered into such projects in certain regions, under certain conditions. It becomes very technical.

• (10:10 p.m.)

Mr. Grills: May I ask a question? Does the assistance under the new projects apply to cheese factories, and enterprises such as that?

Mr. Sauvé: I hesitate to say yes or no. It depends under what part of the agreement this comes and what the conditions are. Perhaps I could study this and give a written answer. I would not want to commit myself on the floor without going into more detail on the particular case.

Mr. Grills: I was thinking of the amalgamation of old cheese factories into one factory. Could that be set up?

[Mr. Gauthier.]

Mr. Sauvé: I think this is covered by another program of the Department of Agriculture. I would not want to give a definitive assurance until I have had a chance to study the particular case.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I should like to put a question to the minister on the same subject.

Does this ARDA program also include the building of slaughter-houses in various locations or various counties?

Mr. Sauvé: It is possible if it is done, for instance, in designated areas or areas termed by us as special rural development areas.

[*English*]

Clause 1 agreed to.

On clause 2.

[*Translation*]

Mr. Sauvé: Mr. Chairman, the Minister of Public Works (Mr. McIlraith), seconded by the Postmaster General (Mr. Côté), will move the following amendment:

[*English*]

That Bill C-152, An Act to Provide for the Rehabilitation and Development of Rural Areas in Canada, be amended by striking out Section 2 and substituting therefore:

"2. Section 1 of the said Act is repealed and the following substituted therefor:

"1. This Act may be cited as the Rural Development (ARDA) Act."

Mr. Knowles: Mr. Chairman, I rise on a point of order. Can we have some understanding as to what we are doing at this time of night. I have no objection to sitting a short time if we are getting somewhere, but if we have half a dozen speeches to come, we should not go on.

Mr. Danforth: Mr. Chairman, I am rising on this amendment. I think the government and the opposition in the wording of clause 2 section 1 are too far apart. I myself proposed on behalf of the party I represent an amendment to the clause. I wonder if the minister would consider incorporating in his amendment the idea which we intended to embody in ours. If the minister would like to read it, I will furnish him with a copy.

Some hon. Members: Read it.

Mr. Danforth: It is as follows:

That section 2 of Bill C-152 be amended in line 11 thereof by adding the words "Agricultural and" immediately after the word "the".

Mr. Ricard: Mr. Chairman, before this is carried I would like to ask the minister—

[*Translation*]

—how to draft the amendment in French, because I think it is very important that we should have both in order to determine whether the amendment meets the requirements?

Mr. Sauvé: In French, line 11 would read as follows: this act may be cited as the Rural Development Act (ARDA), because in the province of Quebec it is known under that name.

The title here is:

The Agricultural Rehabilitation and Development Act.

In the province of Quebec it is called: Aménagement Rural et Développement Agricole, which gives the acronym ARDA.

[*English*]

Mr. Olson: When the minister is considering all these amendments, would he take into consideration—

The Deputy Chairman: Order. It has been proposed to the Chair that we consider a subamendment. I think we should decide on the amendment before deciding on the subamendment.

Mr. Churchill: No.

Mr. Sauvé: On a point of order, there has been no subamendment. It is just a proposal by the hon. member to see if I would be agreeable to change my amendment, or the amendment of the Minister of Public Works about the title. Would hon. members think it satisfactory if we included ARDA in parenthesis, so that it is clearly included?

Some hon. Members: No.

Mr. Danforth: The purport of the bill is to separate agricultural from rural development, but by making the short title read "Agricultural and Rural Development" that would be satisfactory to both sides of the house.

Mr. Olson: To get over all the criticisms that have been made I would like to suggest that we call it the General Economic and Rural Development Act, so that in short it could be referred to as GERDA.

Mr. Vincent: You are too late; that was referred to a few minutes ago.

Mr. Peters: I do not think there is any great difference of opinion about this matter. The minister has said that he anticipates maintaining the title ARDA. I think the suggestion made by the hon. member for Kent (Ont.), is a proper one and does not change the legal interpretation. It still provides the initials ARDA. We in this party would strongly recommend that the minister accept this proposition.

Mr. Sauvé: Well, if the mover and seconder are agreeable to this proposal, it does not matter at all to me so long as we keep it ARDA, and I hope there will be no problems with the Department of Justice. I will accept "Agricultural and Rural Development Act" if this is agreeable to the mover and seconder.

Some hon. Members: Hear, hear.

The Deputy Chairman: Does the Chair understand that the minister is withdrawing his amendment?

Mr. Churchill: No, he is inserting "Agricultural and".

Mr. Sauvé: It is to read:

This act may be cited as the Agricultural and Rural Development Act (ARDA).

So that we keep ARDA, and have ARDA in parenthesis, so that we have it twice.

• (10:20 p.m.)

Mr. Kindt: In order to be perfectly clear on this, you are substituting the word "rural" for "rehabilitation".

An hon. Member: No.

Mr. Kindt: That is all; so it is quite all right with me. So long as you are retaining the word "ARDA" and leaving it so that "A" is for agriculture, "R" is for rural, "D" is for development, and "A" is for act—ARDA—that is all right.

The Deputy Chairman: May I ask the minister whether he is withdrawing the amendment he originally proposed?

Mr. Sauvé: Yes.

Mr. McIlraith: I move:

That clause 2 of Bill C-152 be amended in line 11 by adding the words "agricultural and" immediately after the word "the".

Mr. Sauvé: In line 11 the new line would read, under the heading "Short title":

This act may be cited as the Agricultural and Rural Development Act (ARDA).

Amendment agreed to.

Clause as amended agreed to.

Business of the House

On clause 4—*Agreements for alternative land use projects authorized.*

[*Translation*]

Mr. Gauthier: Mr. Chairman, about section 4, I should like to ask the minister whether, with regard to research the minister will be authorized under that section to undertake a program himself in any province. It is said:

The minister may cause to be prepared and undertaken directly—

Mr. Sauvé: Mr. Chairman, this applies exclusively to programs of research and investigation and not to development programs.

Mr. Gauthier: Yes, but it is precisely with regard to research. Will the minister have the power to authorize research directly in a given province without even asking the consent of the province?

Mr. Sauvé: It was already in the former act, nothing was added or changed, but it is hardly ever applied. Agreements were entered into with each province whereby, in principle, the federal government could cause to be undertaken research programs if it wanted to. But usually it always obtains the consent of the provinces.

Mr Gauthier: It was done by force of habit, I think, under the former act where it was not specified as clearly as it is now.

Mr. Sauvé: If you look at the explanatory notes, on pages two and three, on the right-hand side, you will see that the former version read as follows:

(2) The Minister may cause to be prepared and undertaken, directly or in co-operation with the government of any province or any agency thereof, programs of research and investigation—

The text has not been changed.

[*English*]

Clauses 4 to 7 inclusive agreed to.

Bill reported.

BUSINESS OF THE HOUSE

NOTICE CONCERNING DEBATE ON CAPITAL PUNISHMENT—EASTER RECESS

Mr. McIlraith: Mr. Speaker, last night in announcing the business of the house for the rest of this week and next I indicated that on Friday we would begin the budget debate, to be continued on Monday, Tuesday and Wednesday. Since that time we have had satisfactory discussions with the house leaders of other parties, with the result that there will be placed on the order paper tomorrow a notice of motion providing government time on Monday and Tuesday of next week for the debate on capital punishment, with suitable provision for a vote on amendments on Monday and Tuesday evenings, and a final vote on all remaining questions on Tuesday evening. On Wednesday instead of reverting to the budget debate we will consider other items of business on the order paper.

We will also place a motion on the order paper providing for the house to rise on Wednesday night, April 6, and reconvene on Tuesday, April 19.

Some hon. Members: Hear, hear.

Mr. McIlraith: Mr. Speaker, I should like to acknowledge the co-operation of all party house leaders throughout today in working out something which I hope will be completely satisfactory to all members. If hon. members are interested, I will indicate the form of the notice at this time.

Mr. Bell (Carleton): Perhaps the hon. gentleman would put it on the record.

Mr. McIlraith: The notice is:

That on Monday and Tuesday, April 4 and 5, 1966, the order for resuming debate on private members motion No. 66 and on any amendment thereto shall take precedence of all orders of the day, both government orders and private members business, and

That consideration of the said resolution shall be deemed at all times to be the business of private members and that section (2) of standing order 31 shall apply thereto, and

That on Monday, April 4, if an amendment be under consideration at 8 o'clock p.m., Mr. Speaker shall interrupt the proceedings and forthwith put every question necessary to dispose of the amendment then before the house, and

That on Tuesday, April 5, if any further amendment be under consideration at 5.45 o'clock p.m., Mr. Speaker shall interrupt the proceedings and forthwith put every question necessary to dispose of the amendment then before the house, and

That on Tuesday, April 5, at 9.30 o'clock p.m., unless the said debate be concluded previously, Mr. Speaker shall interrupt the proceedings and forthwith put every question necessary to dispose of the main motion.

If there is unanimous consent I will be glad to have the notice made an order of the house at this time. If there is not, it will appear as a notice of motion in the ordinary way.

Mr. Starr: Mr. Speaker, may I say that the proposition which has been outlined by the government house leader is satisfactory to us. We are ready to proceed on the basis of the schedule outlined. May I say at this time that

I think all members of this house appreciate very much the fact that the government has set aside five days for this very important debate on this private members' resolution. This government time could be used for government business, but because of the importance of this resolution it will be devoted to this resolution, and I am sure all hon. members appreciate this fact.

Speaking for the members of this party, in order to expedite matters, and so as not to encroach upon the time on Monday which will be allotted to this debate, we are prepared by unanimous agreement to pass the proposal tonight as an order of the house. In this way there will be no encroachment on the time of members who wish to participate in this important debate on Monday and Tuesday.

• (10:30 p.m.)

Mr. Knowles: Mr. Speaker, may I join with the hon. member for Ontario (Mr. Starr) in confirming what the Minister of Public Works (Mr. McIlraith) has said. May I also join in expressing satisfaction that the government by these various arrangements has provided for a total of five days of government time for the question of capital punishment and its abolition. We think the question deserves this much time but realize it could not have been attained unless the government had been willing to co-operate.

I join with the other house leaders in saying that we feel we have worked out an arrangement that should be satisfactory to all concerned, and the text the Minister of Public Works has read is the consensus of all of us who met as house leaders yesterday and today. I believe the hon. member for Ontario has made an appeal that should be listened to. If this arrangement has been agreed to by the representatives of all parties, as it has, surely it is just going through a formality to leave it to Monday to be voted on. Would it not be better for all of us in this house and for the country to know now what is going to happen in this regard. On that basis I hope there will be unanimous consent for this agreement to be put through tonight as an order of the house.

Some hon. Members: Agreed.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, we, on this side of the house, also agree with the suggestion made by the minister tonight that two additional days on the capital punishment resolution would be sufficient to allow all hon. members who wish to express their views on the matter to do so.

A moment ago, the minister made an announcement about the Easter recess. I want to thank him for having selected my birthday as the date on which the house reconvenes after Easter.

Some hon. Members: Hear, hear.

[*English*]

Mr. Patterson: Mr. Speaker, I think this is an example of what can be accomplished when representatives of parties meet together in a spirit of good will. I believe it also indicates that in a matter such as this which is not one of political partisanship we can reach agreement in order to facilitate its handling. Therefore we support wholeheartedly the proposal that has been made and would be very happy to give agreement to its passage tonight rather than having a vote on Monday.

Mr. Speaker: Does the house agree unanimously to adopt as an order of the house the proposal put forward by the Minister of Public Works?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

THE CANADIAN ECONOMY—EFFECT ON PENSIONERS OF INCREASING COST OF LIVING

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Monday of this week I put to the Prime Minister (Mr. Pearson) one of the shortest questions I have ever asked on the orders of the day. It is to be found at page 3257 of *Hansard* and reads as follows:

> In view of the statement in the budget papers tabled on Friday last by the Minister of Finance, to the effect that the cost of living will continue to go up this year, what are pensioners to do?

Perhaps because the question was so short the Prime Minister did not seem to be ready with an answer. At that moment the Chair suggested that it was not a question to be put at that stage of our proceedings and I therefore suggested it was a question that might be raised at ten o'clock.

Proceedings on Adjournment Motion

I repeat my question, Mr. Speaker, and I do so in the light of the budget speech of Tuesday night, in which the Minister of Finance confirmed what had been set out in the budget papers, namely that the cost of living can be expected to rise during 1966.

When one realizes that pensioners are not now able to get by on the $75, for example, that they now have under old age security, what are they to do when the cost of living goes up still further? I hope that any answer that is made on behalf of the government tonight will face up to the seriousness of the question. It is not going to be good enough to say that the budget which was brought down on Tuesday night is somehow going to prevent the cost of living from going higher than it would otherwise have gone. The fact is that that same budget was presented by a minister who said that the cost of living would be going up.

I submit that the difficulty facing our older people in this situation is a very serious one. On every hand we are told that this is an affluent age, that we are living in a period of great prosperity. The Minister of Finance told us this the other night; we hear it from commentators on radio and television; we read it in the press. The number of cars is increasing and the price of everything is going up. We are told that many wages and salaries are going up.

That is all very fine for the few in our society who may be experiencing this, Mr. Speaker, but it is not much comfort to those who are not experiencing it. I suggest that it is downright suffering for those whose incomes are fixed, particularly fixed at a low level and for whom there is no chance to make ends meet, let alone to cope with the rising cost of living.

Therefore, Mr. Speaker, I submit that the only possible answer the government can make to the question which I put the other day is to come through with an increase in the old age security pension.

Mr. Bell (Carleton): May I ask the hon. gentleman whether he does not agree that this applies particularly to the civil service pensioners, the group in whom he and I have had more interest than any other?

Mr. Knowles: Mr. Speaker, seven minutes is hardly time to answer questions along the way, but that was a rhetorical question and the hon. member knows that my answer, like his, is "Yes".

[Mr. Knowles.]

However, may I point out that in the budget papers which the Minister of Finance tabled we are told that at the end of the current fiscal year there is in the old age security fund a surplus of $215 million. That in itself is sufficient money to increase the old age security pension for 12 months to the extent of about $18 a month for all those on the roll. Therefore I would suggest that this continuing suggestion of the government that it cannot now increase our old age security pension is not good enough and is no answer to the problem our elderly people face in trying to keep alive.

I have in my hand an interesting report entitled "Minimum Financial Needs Investigation". It was published by the Age and Opportunity Bureau at Winnipeg in January of this year. It includes a well worked out budget for older people, and without going into the detail of this well documented budget I may say that the suggestion made at Winnipeg is that the minimum on which an old person can get along is $111.75 per month.

I also have a clipping from the Toronto *Globe and Mail* for Friday, January 28, 1966, which is a report of the Canadian conference on aging which met in Toronto at that time. Two or three figures are quoted—one of $118 per month, one of $126 per month and another well worked out figure of $138.96 per month—as minimum amounts an elderly person needs just to get along.

• (10:40 p.m.)

If these are the amounts of money that many social workers feel is required for existence on the part of our older people, and when one realizes that many of them have only the $75 old age security pension or other combinations which still amount to less than this, I submit that the increase in the cost of living which the Minister of Finance has predicted poses a problem which we simply cannot leave to the older people themselves. The old people were the forgotten group in the budget that was presented the other night. They have been forgotten by this government since the time of the last election. I think it is time we had a clearcut answer as to what they are to do.

I repeat the question I put to the Prime Minister on Monday, Mr. Speaker. In view of the statement in the budget papers that the cost of living will continue to go up this year, what are pensioners to do?

[*Translation*]

Mr. Jean Chrétien (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the debate this evening shows the importance of the measures presented by the Minister of Finance (Mr. Sharp) in his budget. If this year we allow the pressures of demand to outstrip our productive capacity, prices will rise alarmingly for pensioners and all those with fixed incomes.

Perhaps I could remind the hon. member for Winnipeg North Centre (Mr. Knowles) of the comments which the Minister of Finance made on this subject in his budget speech.

[*English*]

If we do not, by one means or another, succeed in moderating the increase in aggregate expenditures this year the most immediate penalty we shall suffer is an inflationary increase in prices. Public concern over this danger is already evident. But as a practical matter in our society this danger cannot be avoided by trying to regulate prices and wages. We must deal with the basic issue which is an excess of spending over what is available to meet demands. It is this excess which causes rising prices, costs and profits and which harms those in our society whose economic power and bargaining positions are weak.

[*Translation*]

Needless to say that every piece of legislation intended to improve the well-being of our senior citizens is a matter of government policy which will be announced through regular channels. It cannot be announced in the Budget speech. The hon. member is well aware that the party in office right now is very well known for its long tradition of being in the forefront in matters of social security.

[*English*]

Mr. Bell (Carleton): What has the hon. gentleman been talking about?

The Acting Speaker (Mr. Rinfret): Order, please; the hon. member for Carleton is not invited to participate in the debate. The rules provide for one speaker to speak seven minutes and a reply from the minister or his representative on the topic before the house.

Mr. Knowles: But that was no reply.

INCOME TAX—ALLOWANCE OF MUNICIPAL TAXATION ON FARM HOMES

Mr. Lee Grills (Hastings South): Mr. Speaker, my question the other day was based on a letter I received from someone in my area. I quote from this letter, which is written by a chartered accountant:

Recently an assessor from the Department of National Revenue Taxation Division had occasion to review the affairs of one of my clients. This client is a farmer, who has farmed the same farm all of his life and is on the same land as his father, grandfather and great-grandfather before him and is living in the same house that was built by the latter in 1837. The house is substantially the same as it was then except for the addition of central heating, electricity, and inside plumbing.

As you know, in order to increase revenues, municipalities and other taxing authorities have increased assessment as well as mill rates. Not being able to increase land assessments, the burden of such increase has been placed on the buildings located on the farms.

In the past, it has been the policy of the Department of National Revenue to allow in their entirety, as a deduction from income, the municipal taxes paid by a farmer. However, as a result of the abovementioned review of my client's affairs, the assessor concerned has proposed to add back to income 75 per cent of the portion of taxes applicable to his farm home. . . My client has been assured by the assessor that he is not being singled out for re-assessment and that other farmers are being re-assessed on a similar basis. The assessor also proposes to re-open at least one previous year for re-assessment on the same basis.

• (10:50 p.m.)

Further, he says that the requirements from the Minister of National Revenue or the Minister of Finance, confirm this change in government policy.

Mr. Speaker, I wonder if the Minister of National Revenue realizes what the farm home means to the farmer. The average farmer we have heard about must have a home to conduct a successful farm operation. He also needs a helpful wife. The successful farm operation needs all the facilities available that are a part of that farm home. Surely any consideration that has been given to the farm home in the past should not be cut off at this time.

I think about the lot in life of the farmer's wife who, compared with her lady friend in town, has to work much harder. She is not allowed any extra consideration with respect to income. No consideration is given to that aspect in any way.

I might say that the farm home serves as an office to conduct farm business. It serves as a workshop, as a place to wash milk pails and milk cans as a place to grade eggs, to dress poultry, and as a place in which many things of that sort are performed. It also serves as a laundry where dirty work clothes that are soiled by farm work are made clean. That sort of thing does not occur in many other forms of endeavour. It also serves as a

boarding house to board help working on the farm that is far removed from town, or from any restaurant.

These are some of the uses of the farm home. It is important to keep the farm home going to keep the farm successful. After the very flowery report of the Minister of Finance the other night, I cannot understand why there should be this change in policy. Surely the government is not going to look to this source to balance the budget. This matter is of considerable concern to farm people throughout the country, and I should be interested in hearing an explanation.

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, we all realize the limitations imposed by this period of three minutes in which to reply. The question the hon. member asked was: "Is it the intention of the government and the minister's department to not allow municipal taxes on the farmers' home as a farm expense against farmers' income tax?"

I always hesitate to say that this is the answer, but an answer is this: I am advised that section 12(1)(a) of the Income Tax Act does not permit the deduction of an expense except to the extent that it has been incurred for the purpose of gaining or producing income from property or a business of the taxpayer.

If the home of the farmer is located on his farm and can be shown to have been used to earn farm income, a deduction will be allowed for municipal taxes in the amount up to one quarter of the taxes, depending on the business use made of the home building. It is not usual to allow any part of the municipal taxes on the home, if the home is located off the farm.

This was the answer from the department, Mr. Speaker. I do not know whether the accountant referred to has taken the particular case up with the tax department, but this is the general answer to a general question raised by the hon. member.

Motion agreed to and the house adjourned at 10.52 p.m.

APPENDIX

LETTER TO CANADIAN SUBSIDIARIES OF FOREIGN COMPANIES

Ottawa, Ontario, March 31, 1966.

Dear Mr.—

The government has been giving a good deal of attention to the need for the best possible performance from the Canadian economy and to the contribution in this regard of the many Canadian companies which are subsidiaries of foreign parents or are largely foreign owned. Such companies have responsibilites both to their parent companies and to the country in which they operate.

I have concluded that a statement of what is expected of subsidiary companies as regards their responsibilities to the Canadian community would be of benefit to all concerned.

To fulfil its responsibilities as a good citizen, a company seeks to perfect its performance through the vigorous pursuit of available market opportunities and the efficient use of its resources and, in so doing, contributes to the sound development of the community in which it operates.

In the pursuit of this end, subsidiaries of foreign companies enjoy the backing of their parent companies through the provision of financial, managerial, technological and research assistance, along with other forms of support which might not otherwise be available. At the same time, the fact of foreign control leaves the subsidiaries open to external influences which may not always be consistent with their own best interests and those of the Canadian community at large. Such a company may lack the decision-making authority to pursue policies in line with the opportunities afforded within the growing national community and otherwise to develop the full potential of the Canadian operation.

Subsidiaries of foreign companies occupy a prominent position in the Canadian economy. They have contributed greatly to Canada's development in the past and their role in the future is no less challenging. In a more interdependent world, companies with foreign affiliates have an increasingly important role in the international exchange of goods, services, technology and ideas.

The Canadian government is desirous that subsidiaries be free to develop their full potential within the Canadian community. In this regard it is most important that subsidiaries should not have restrictive limitations placed upon their sound development by their parent organizations.

This objective can be made more difficult if foreign governments introduce measures which affect the financial or commercial policy of parent companies or seek to influence them in their relations with their foreign subsidiaries.

In the case of the United States balance of payments program, the authorities in that country have made quite clear, as indicated in the communique of the recent meeting of the joint United States-Canadian committee on trade and economic affairs, that the "United States government was not requesting United States corporations to induce their Canadian subsidiaries to act in any ways that differed from their normal business practices as regards the repatriation of earnings, purchasing and sales policies, or their other financial and commercial activities". The United States authorities have, in fact, reemphasized the view that "United States subsidiaries abroad should behave as good citizens of the country where they are located".

I am confident that this also would be the view of the governments of other countries whose companies have subsidiaries in Canada.

I believe it timely and useful therefore to set forth, particularly for the benefit of subsidiary companies, some basic principles of good corporate citizenship in Canada. I trust that these principles will be regarded as helpful by your company.

Some guiding principles of good corporate behaviour for subsidiaries in Canada of Foreign Companies

Desirable objectives include the following:—

(1) Pursuit of sound growth and full realization of the company's productive potential thereby sharing the national objective of full and effective use of the nation's resources.

(2) Realization of Maximum competitiveness through the most effective use of the company's own resources, recognizing the desirability of progressively achieving appropriate specialization of productive operations within the internationally affiliated group of companies.

(3) Maximum development of market opportunities in other countries as well as in Canada.

(4) Where applicable, to extend processing of natural resource products to the extent practicable on an economic basis.

(5) Pursuit of a pricing policy designed to assure a fair and reasonable return to the company and to Canada for all goods and services sold abroad, including sales to the parent company and other foreign affiliates.

(6) In matters of procurement, to search out and develop economic sources of supply in Canada.

(7) To develop as an integral part of the Canadian operation wherever practicable, the technological research and design capability necessary to enable the company to pursue appropriate product development programs so as to take full advantage of market opportunities domestically and abroad.

(8) Retention of a sufficient share of earnings to give appropriate financial support to the growth requirements of the Canadian operation, having in mind a fair return to shareholders on capital invested.

(9) To work toward a Canadian outlook within management, through purposeful training programs, promotion of qualified Canadian personnel and inclusion of a major proportion of Canadian citizens on its board of directors.

(10) To have the objective of a financial structure which provides opportunity for equity participation in the Canadian enterprise by the Canadian public.

(11) Periodically to publish information on the financial position and operations of the company.

(12) To give appropriate attention and support to recognized national objectives and established government programs designed to further Canada's economic development and to encourage and support Canadian institutions directed toward the intellectual, social and cultural advancement of the community.

In setting forth the foregoing principles of good corporate behaviour, I recognize that there is already widespread adherence to such principles among subsidiary companies in Canada both in spirit and in deed. However, to the extent that these principles are not already applied, subsidiary companies are urged to work purposefully and constructively toward their application, as circumstances permit.

I would like also to tell you of my intention to seek the co-operation of large and medium sized subsidiary companies in providing periodically information, on a confidential basis, relating to certain aspects of their operations and financing. In this way the government will gain a clearer insight into the contribution of Canadian subsidiaries to the Canadian economy.

Questionnaire forms providing a full explanation of the information being sought will be circulated within the next few weeks. I hope that prompt and careful attention will be given this request for information.

Thank you for your co-operation.

Yours sincerely,
Robert H. Winters.

HOUSE OF COMMONS

Friday, April 1, 1966

The house met at 11 a.m.

CONSUMER CREDIT

First report of special joint committee on consumer credit—Mr. Basford.

[*Note: Text of foregoing report appears in today's Votes and Proceedings.*]

EXTERNAL AFFAIRS

NATO—TABLING OF AIDE MEMOIRE FROM FRANCE

Hon. Paul Martin (Secretary of State for External Affairs): I wish to table a copy of an aide memoire from the government of France to the government of Canada dated March 29. This copy is in French. The English translation will be tabled before one o'clock.

Mr. Speaker: Has the minister leave to table the document to which he has referred?

Some hon. Members: Agreed.

[*Translation*]

CANADA CORPORATION ACT

FILING OF FINANCIAL STATEMENTS BY SUBSIDIARIES OF U.S. COMPANIES

Mr. Maurice Allard (Sherbrooke) moved for leave to introduce Bill No. C-163, to amend the Canada Corporations Act.

Some hon. Members: Explain.

Mr. Allard: Mr. Speaker, the statements made yesterday by the Minister of Trade and Commerce (Mr. Winters) on Canada subsidiaries of American firms were in perfect accord with the spirit of this bill which had been put on the order paper of the house last Wednesday.

This bill was prompted by the effects of the American guide lines on the Canadian economy. Its purpose is to amend the Canada Corporations Act and to require Canadian subsidiaries of American firms to submit a financial report annually, which report will be examined and will show their financial operations.

Motion agreed to and bill read the first time.

[*English*]

EXTERNAL AFFAIRS

RHODESIA—SUGGESTED INEFFECTIVENESS OF SANCTIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he is in a position to report on the discussions he had yesterday with our high commissioner to the United Kingdom, and whether there is any basis in fact for the report which came over television that as far as the embargo against Rhodesia is concerned it has proven to be only 50 per cent effective, and that if there is to be any effective action further steps will have to be taken.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in discussing this matter with the high commissioner we naturally went into the effectiveness of the economic measures against Rhodesia. The high commissioner is chairman of the economic sanctions committee which was set up at Lagos, and that committee is to meet in London next week. But we have no information which would justify any percentage figure of effectiveness.

We did not discuss any further steps to be taken. That will have to be considered by the committee itself and by the governments concerned, although we did mention the possibility of United Nations action in the security council, under chapter 7, because that has been indicated by one or two members of the commonwealth as being the next step if the economic measures now being taken are not satisfactory.

Mr. Diefenbaker: Is there any basis in fact for the reports that have come out that so far as the present embargos are concerned they have not been effective in achieving the objectives that were in mind at the time they were imposed?

Mr. Pearson: Mr. Speaker, they certainly have not been effective as of this moment, but we should not accept the conclusion that they will not be ultimately effective to accomplish the purposes we had in mind at the Lagos conference.

Inquiries of the Ministry

[*Translation*]

CYPRUS—ARREST OF FOUR CANADIAN CITIZENS

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs.

Would the minister tell us whether it is true that four Canadians have been arrested in Cyprus and whether the Canadian government has investigated or will investigate in this connection?

Hon. Paul Martin (Secretary of State for External Affairs): Yes, Mr. Speaker, we are looking into the matter at present and I might have something to say Monday or Tuesday at the committee on external affairs.

[*English*]

TRADE

CONTINUED FREE ENTRY OF CANADIAN GOODS INTO U.K. MARKET

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. In view of the re-election of the Labour government in Great Britain, about which I hope the Prime Minister has sent congratulations to Prime Minister Wilson, and in view of the fact that General de Gaulle has apparently removed France's objections to Britain making an application for entry into the European common market, I want to ask the Prime Minister if the Canadian government is making any strong representation to Great Britain in order to safeguard Canada's traditional free entry into the British market for wheat and other primary products, prior to Great Britain beginning negotiations for entry into the common market.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. We have not made what my hon. friend calls any strong representations to the British government on this matter in one way or another, because I do not feel there has been any change in the European situation which would require representations on our part, although no doubt we will be discussing this matter with Prime Minister Wilson and his new middle of the road government from time to time.

Mr. Douglas: As a supplementary question, has the Prime Minister given any thought to having the Minister of Trade and Commerce visit Great Britain prior to the beginning of any negotiations for entry into the European common market, in order to protect Canada's interests in the event of that happening?

Mr. Pearson: Mr. Speaker, if there were any negotiations of that kind in the offing certainly we would wish to make our views known to the governments concerned, the United Kingdom and other governments, and the Minister of Trade and Commerce would be a very good minister for that purpose.

FINANCE

DECREASE IN MONEY SUPPLY BY BANK OF CANADA

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I wish to direct a question to the Minister of Finance. Does the announcement yesterday that the Bank of Canada decreased the total money supply in Canada by $62 million for the past week indicate the policy of the government to deal with the inflationary tendency, which the minister emphasized so much in his budget presentation?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I can assure the house that the policies being followed by the Bank of Canada and by the government of Canada are thoroughly consistent with each other.

HEALTH AND WELFARE

QUEBEC—REQUEST TO BREWERIES TO DESTROY BEER STOCKS

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Following representations, would the minister inform the house whether the government or his department intends to request other breweries in the Quebec area to dump existing stocks of beer?

Hon. A. J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker, the report to that effect is without foundation. There is no intention to ask any other brewery to take that course of action.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

MONTREAL—CONSTRUCTION OF HEADQUARTERS BUILDING

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to put

a question to the Prime Minister. Could he inform the house on what date the excavating work of the Cité des Ondes in Montreal will start?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Before long, Mr. Speaker.

[*Translation*]

Mr. Ricard: Mr. Speaker, I should like to put a supplementary question to the Prime Minister. Could he tell us also when work will start on the C.B.C. building in Montreal?

[*English*]

Mr. Pearson: Mr. Speaker, perhaps I will be able to say something about this before the Easter adjournment.

NATIONAL DEFENCE

REPORTED INTENTION TO CHANGE DESIGNATION OF SHORE ESTABLISHMENTS

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question is addressed to the Minister of National Defence. Could the minister advise the house whether the government now is planning to drop from such great shore establishments as *Stadacona* and *Shearwater* the prefix "HMCS" and replace it with "CFB", and if so when this might take place.

Mr. Speaker: Order. This question should be placed on the order paper.

EXPO '67

USE BY CITY OF EDMONTON OF "KLONDIKE" THEME

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, my question is for the Minister of Northern Affairs and National Resources, as the minister responsible for the development of northern resources. Will the minister make immediate representations to prevent Expo '67 aiding and abetting the immoral if not unlawful use by the city of Edmonton of the Klondike theme, a resource of the Yukon?

Mr. Speaker: This question should be placed on the order paper, if it is acceptable as a question.

Mr. Nielsen: Mr. Speaker, may I reword the question. Will the minister request his officials and those in the Department of Justice to consider the feasibility of immediately commencing legal proceedings against the city of Edmonton in order to prevent that city's continued larcenous exploitation of that Yukon resource?

Mr. Speaker: As reworded, the question might be acceptable on the order paper.

EXTERNAL AFFAIRS

TURKEY—REPORTED RELIGIOUS HARASSMENT OF GREEKS IN CONSTANTINOPLE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct this question to the Secretary of State for External Affairs on behalf of Canadians of Greek origin throughout the country. Would the government bring to the attention of the President and government of Turkey the serious concern of the Canadian government in respect of the mounting evidence of harassment by Turkey against the ecumenical patriarchate of Constantinople and the forbidding of the archbishop to carry on religious services in the patriarchal church in the city of Constantinople, which in itself would appear to be a serious contravention of the United Nations charter in several decrees and in respect of several agreements which have been arrived at.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have had some discussions about this matter already, and in view of the question which my right hon. friend has put this morning I will give consideration to whether it is necessary to take additional measures.

Mr. Diefenbaker: Mr. Speaker, what are the measures that have been taken so far by the minister? Has there been a protest against the interference with freedom of religion which is an integral part of the declaration of human freedoms of the United Nations? Has there been a complaint by Canada, or what is the nature of the action taken so far?

Mr. Martin (Essex East): I have had discussions with representatives of the government of Turkey on a number of matters including purported violations of religious freedoms. I have just had handed to me the telegram in question. I will examine it and if I feel the discussions we have already had have not gone as far as the suggestions in the requests now being made, I shall give consideration to further action.

Inquiries of the Ministry

LABOUR RELATIONS

ONTARIO—REQUEST FOR STATEMENT ON TRUCKING STRIKE

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to address a question to the Minister of Labour, asking him whether he can tell us what progress, if any, is being made in the resumed negotiations between the parties to the trucking strike.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I received a report just before I came into the house to the effect that the parties put in a long work day together yesterday but have nothing really to report except some progress.

AIR CANADA

REQUEST FOR IMPROVEMENT IN GROUND SERVICES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to direct a question to the Minister without Portfolio in relation to his responsibilities with the Department of Transport. In view of the substantial profit just reported by Air Canada, will he make immediate representations to Air Canada for improvements to ground services?

Mr. Speaker: Order, please. I suggest to the hon. member that this is a question of a general nature which should be placed on the order paper.

[*Later:*]

Mr. Grafftey: My question, I know, was out of order and I am not going to reword it. However, I think it would be unfortunate if I left the wrong impression. The general import of my question related to an improvement in the ground services, namely telephone reservations, baggage service and that sort of thing. I do not want to be responsible for confusion by having a general question of that nature remaining on the record. I will put my question on the order paper.

NATIONAL EMPLOYMENT SERVICE

PROPOSED MOVE OF OFFICE FROM MONCTON TO HALIFAX

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I should like to direct a question to the proposed minister of the new manpower department in respect of this matter of the relocation of manpower offices in Halifax rather than Moncton, as announced the other day. When is a decision going to be made in this regard, will every opportunity be given for representations, and will the minister make certain that all plans in Halifax are held in abeyance while this matter is being reconsidered?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, no decision will be reached until after the Easter holiday, and I hope during that time everyone will have an opportunity to make representations.

Mr. Bell (Saint John-Albert): I thank the minister for his answer. Will he also make sure that the bilingual nature of this office and what that means to the entire New Brunswick Acadian community is taken into consideration?

Mr. Marchand: Mr. Speaker, we shall try to take all elements involved in this problem into consideration.

Mr. Robert McCleave (Halifax): May I ask a question of the Minister of Citizenship and Immigration supplementary to the one asked by the hon. member for Saint John-Albert. Having been born in Moncton and having moved to Halifax at the earliest possible date, when I was ten days old, will the minister take into account the superior advantages of Halifax for a regional office? There are substantial numbers in Nova Scotia who speak other languages besides English.

Mr. Speaker: I am sure the minister will take these representations into consideration.

ROYAL CANADIAN MOUNTED POLICE

REPORT ON DOCUMENTS SEIZED FROM SEAFARERS' UNION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Solicitor General. In view of the fact that Inspector E. Carriere of the R.C.M.P. in Montreal advises that the investigation of the documents seized from the Seafarers' International Union was completed over ten days ago and a report forwarded to Commissioner McLelland of the R.C.M.P. in Ottawa, will the minister inform the house when he expects to be able to announce the cabinet decision in respect of this report?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I neither confirm nor deny the assertations made by the hon. member. I am sure he understands that investigations frequently involve something more than an investigation of documents.

LABOUR CONDITIONS

HAMILTON—ASSISTANCE TO FORMER STUDEBAKER EMPLOYEES

On the orders of the day:

Mr. Willian Dean Howe (Hamilton South): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration in his capacity as minister of manpower. Is the government prepared to give any financial assistance to the more than 300 men still unemployed as a result of the closing of the Studebaker plant at Hamilton?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, I think those unemployed men from the Studebaker plant are entitled to supplementary unemployment benefits under the SUB plan. We have reached no decision as far as TAB is concerned, but this matter has been submitted to the appropriate committee. We are not yet certain whether this assistance can be provided under the regulations of TAB.

Mr. Howe (Hamilton South): I have a supplementary question, Mr. Speaker. Is something going to be done fairly soon to help these men?

Mr. Marchand: Mr. Speaker, we are trying to help these men at this time through our N.E.S. What they need mainly are jobs, and that is what we are trying to accomplish.

CRIMINAL CODE

SUGGESTED AMENDMENT RESPECTING BREATHALIZER TESTS

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I should like to direct this question to the Minister of Justice. On January 27 I asked him the following question:

> Would the government give consideration to amending the Criminal Code so that breathalizer tests can be made mandatory?

I now ask the minister whether he would indicate to the house if this decision will be reached in time to be made public at the Canadian Highway Safety Council convention which is meeting in Calgary during the first week of May.

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, I cannot give the hon. member that assurance.

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO PROPOSED DELETION OF "ROYAL" FROM TITLE OF BASES

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, in the absence of the Minister of National Defence I should like to direct a question to the Associate Minister and ask whether steps are now being taken to change the name of Royal Canadian Air Force bases to something which will not contain the word "royal".

Hon. Léo Cadieux (Associate Minister of National Defence): Not to my knowledge, Mr. Speaker.

PUBLIC WORKS

EFFECT ON LOCAL PROJECTS OF BUDGET CUT-BACK

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Public Works. In view of the cut-back in government projects announced in the budget, when are members likely to know the fate of planned local projects of the department?

Hon. G. J. McIlraith (Minister of Public Works): I would hope, Mr. Speaker, in the next few days. I shall try to do it before the Easter recess.

CANADIAN CENTENNIAL

INVITATION TO PRINCE CHARLES TO PRESIDE OVER YOUTH PARLIAMENT

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. On January 31 he said he would look into this matter. Can he now advise the house of the progress of discussions or arrangements regarding the very desirable possibility of Prince Charles opening the centennial youth parliament?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I apologize for not having previously informed my hon. friend of the results of my looking into this matter. I am still looking into it.

Inquiries of the Ministry

LABOUR CONDITIONS

POINT EDWARD NAVAL BASE—JOB PREFERENCE FOR EMPLOYEES

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the Associate Minister of National Defence. I should like to ask whether he is in a position today to provide any information with regard to the question I posed yesterday.

Hon. Léo Cadieux (Associate Minister of National Defence): Yes, Mr. Speaker. I do appreciate and share the concern of the hon. member in regard to this matter, but I have to remind him that we have now reached the last stage of the closing down of the naval supply depot at Sydney. As of today the establishment ceases to exist. We must now dispose of the material in use by the staff. For this purpose the Commodore Superintendent, Atlantic coast is sending to Sydney from Halifax 12 hand picked men to perform the operation. They will assume custody of the material, remove it to Halifax, transfer the accounts, later close the accounts, submit final reports and be available to answer to the auditors. I hope this answer is satisfactory to the hon. member.

Mr. Donald MacInnis (Cape Breton South): A supplementary question, Mr. Speaker. Does the minister realize that the answer he has given is the original question?

Mr. Benson: No, it is not.

INDIAN AFFAIRS

COURT DECISION RESPECTING PROVISION OF MEDICAL CARE

On the orders of the day.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday the hon. member for Burnaby-Coquitlam and the hon. member for Skeena asked a question with reference to the Indian Walter Johnson and the medicine chest case. I may tell them that I have instructed my officers to get in touch with Mr. Johnson and ask him whether he is desirous of taking an appeal to the Supreme Court, and if so we will finance that appeal as we have in the past.

Some hon. Members: Hear, hear.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question following the answer the Minister of Northern Affairs and National Resources gave a moment ago. I thank him for his assurance that

[Mr. Pearson.]

his department is prepared to underwrite an appeal if the native Indians desire to make it. May I ask the minister, are we to take this decision by his department as meaning that they have decided not to supply health services to the native Indian population, or is the minister merely offering to meet these appeal costs while a decision is being arrived at?

Mr. Laing: Mr. Speaker, I do not know how to answer that question, because I think the effect of a decision in favour of Walter Johnson in Saskatchewan would have put a requirement upon the provincial government rather than ourselves. I should like, if I may, to take the hon. member's question as notice, and I might give a reply on Monday.

ADMINISTRATION OF JUSTICE

ARREST OF FEDERAL EMPLOYEE IN CONNECTION WITH HOSPITAL CONSTRUCTION GRANTS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of Justice. In view of the arrest this morning by the R.C.M.P of an employee of the federal government on charges of illegally accepting some $33,000 in connection with securing hospital construction grants, I wonder whether the minister could tell us if any others are involved in this particular case and whether this situation is now under control.

Mr. Speaker: Order, please. It seems to me that this is not the type of question that should be asked at this time.

Mr. R. Gordon L. Fairweather (Royal): I have a supplementary question, Mr. Speaker, which I think will be in order, but you can watch me carefully to see that it is. I wish to ask the Minister of National Health and Welfare whether the fact that charges were laid today is indicative of a wider investigation into the awarding of hospital grants.

Mr. Speaker: It would be difficult to allow the second question after having refused the first.

[*Later:*]

Mr. Erik Nielsen (Yukon): I should like to ask the Minister of National Health and Welfare whether any investigation is under way in his department in respect to the improper acceptance of moneys for the improper activities of employees in the awarding of hospital construction grants.

Mr. MacEachen: This matter is being investigated in the proper way.

Mr. Nielsen: I am not raising the issue that is before the court. I am asking the minister if any investigation is under way in his department in this regard.

Mr. Speaker: I do not want to prevent the minister from answering that question, but it seems to me it was answered the first time the hon. member asked the question.

Mr. Nielsen: With great respect, Mr. Speaker—I will not sit down at the behest of hon. members opposite. This is a question on which I believe all members are entitled to information. It is a very simple question. Would the minister inform us whether there is in fact an investigation under way in his department with respect to the matters I referred to? Yes, or no.

Mr. MacEachen: Mr. Speaker, I said earlier that an investigation had been undertaken some time ago in the proper way, which resulted in the action that is being taken in the courts, which has resulted in removing any possibility that similar incidents can occur in the future.

REQUEST FOR REPORT OF COMMITTEE ON CORRECTIONS

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): On Monday last I addressed a question to the Solicitor General about the prospects of speeding up the work of the committee on corrections so that we could undertake a review and reform of the Criminal Code. Now that he has met with the committee, I wonder if we could have a date when we might expect this report to be forthcoming.

Hon. L. T. Pennell (Solicitor General): As promised, Mr. Speaker, I did raise the matter referred to by the hon. member with the chairman of the committee. Another meeting is scheduled for April 14, when the matter will be discussed again.

[*Translation*]

WINTER WORKS

INSTRUCTIONS TO BANKS TO REFUSE LOANS TO MUNICIPALITIES

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wish to ask the Minister of Finance a question of which I gave him notice.

Inquiries of the Ministry

Could he tell us if directives were issued by his department to chartered banks asking them to refuse to grant loans to municipalities for winter works?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the answer is no.

[*Later:*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, would the future minister of manpower make an investigation to find out if the chartered banks took that decision themselves or if they received order to that effect from a federal or provincial authority?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, I cannot see what kind of authority in that field the Minister of Citizenship and Immigration could have on banks.

Mr. Laprise: Mr. Speaker, it is about the winter works that the banks are now refusing to grant loans to complete or extend—

[*English*]

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO DATE AND AGENDA

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Prime Minister whether there is any basis for the view generally held that a dominion-provincial conference is to be called for June. Have any indications gone out? Would the Prime Minister say what particular matters he has in mind at the moment for consideration at the conference?

Right Hon. L. B. Pearson (Prime Minister): At the last federal-provincial conference it was agreed informally that the next conference would be held early in June of this year in Victoria, British Columbia. We are in the process now of exchanging views as to the exact date. It will probably be within the first fortnight of June, and it is too early to say what the agenda will be.

Mr. Diefenbaker: Is the date June 2, and has there been any indication by the Prime Minister of the particular subject matters considered to be of pre-eminent importance at this conference?

Mr. Pearson: June 2 was one date suggested, and if that is agreeable to all provincial premiers it would be agreeable to the federal government. I am not in a position now to indicate any particular subject, but perhaps I will be before long.

Inquiries of the Ministry

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister.

Could he tell us if the project of a royal commission on organized crime in Canada will be discussed at that federal-provincial conference?

[*English*]

Mr. Pearson: I should think that might be one of the subjects, unless there is a meeting of provincial attorneys general with the federal Minister of Justice or the Solicitor General beforehand.

EXTERNAL AFFAIRS

SOUTH VIET NAM—PROVISION OF MEDICAL PERSONNEL AND HOSPITAL FACILITIES

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I should like to ask the Secretary of State for External Affairs what progress he has made in supplying medical and hospital services for South Viet Nam, either for the participants in the war or for the civilian population. What is the extent of that assistance?

Hon. Paul Martin (Secretary of State for External Affairs): With regard to the government's interest in providing assistance for the civilian population, which of course would be our interest as my hon. friend knows, there are two projects in being. The project under the direction of Dr. Gingras has not yet been effective because the authorities in South Viet Nam have not yet, in answer to our urgent requests, put at our disposal the facilities which would be essential for the program.

EDUCATION

REQUEST FOR ESTABLISHMENT OF FEDERAL DEPARTMENT

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, considering the recent proposals of the Canadian Association for Adult Education, and in particular the recent announcement of a forthcoming provincial conference on education, is the government contemplating the establishment of a federal office of education?

Mr. Speaker: Order, please. The hon. member is asking a question relating to general policy which cannot be considered urgent to the extent that the question should be allowed at this time.

[Mr. Pearson.]

[*Later:*]

Mr. Robert Stanbury (York-Scarborough): Mr. Speaker, may I ask the Prime Minister whether the government in the full spirit of co-operative federalism has received an invitation for representatives from any federal departments to attend the interprovincial conference announced by the education ministers of Ontario and Quebec, and if so, what federal departments will be represented at the conference?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will have to look into that. I do not think such invitation has been received, though I do recall the Minister of Education of the province of Ontario indicating that federal representation would be useful at that conference. I shall be glad to look into this.

Mr. Stanbury: A supplementary question, Mr. Speaker. If such an invitation is forthcoming, will the government seek at that conference, or at the federal provincial conference in June, appreciation of the need for a federal office of education—

Mr. Speaker: Order, please.

Mr. Stanbury: —which does not interfere with but assists the provinces in attainments of national objectives in education?

Mr. Speaker: Order, please. The second part of the question is hypothetical.

FOOD AND DRUGS

INQUIRY AS TO ORGANIZATION OF SPECIAL COMMITTEE

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): My question is directed to the Minister of National Health and Welfare. In view of the fact that the very important question of the high cost of drugs is being referred to a special committee on food and drugs, can he say whether that committee will be formally organized before the Easter recess?

Hon. A. J. MacEachen (Minister of National Health and Welfare): It is my expectation that an organizational meeting might be held next week.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in order to comply with the traditional spirit of this day, and in view of the

fact that this is related to foreign affairs, I wish to direct a question to the Secretary of State for External Affairs. Is there any truth in the rumour that there is a movement on foot in the Liberal caucus to trade the hon. member for York-Humber (Mr. Cowan) for the hon. member for Kootenay West?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am sure that any party in this house would give careful and due consideration to such a transfer.

COMBINES

NEWSPRINT—INVESTIGATION INTO PRICE INCREASES

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, may I address a question to the President of the Privy Council. Several weeks ago I asked if his department was looking into the uniform and large increase in the price of newsprint announced by all plants. He said he would look into the question. I asked him whether this was within the province of the anti-combines legislation. I wonder if he has any report to make.

Hon. Guy Favreau (President of the Privy Council): Mr. Speaker, I have referred the question to the director of investigation and research. I must make the same answer as has previously been made in these cases; that I am not in a position to say whether or not an investigation is going on. I may assure the hon. member that if the director reached the conclusion that the facts were such that an investigation was warranted, he would carry out his responsibilities.

[*Translation*]

BILINGUALISM AND BICULTURALISM

DISPUTE RESPECTING RESEARCH WORKERS WITHIN COMMISSION

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, in the absence of the Secretary of State, I should like to direct a question to the Prime Minister (Mr. Pearson) based on the program "Aujourd'hui" broadcast by the C.B.C. last night

Is the Prime Minister aware of the major dispute between the researchers of the Laurendeau-Dunton Commission and the discrimination practised against French Canadian researchers and would he agree to have an inquiry made in that connection?

Mr. Speaker: Once again, this is a rather general question which hardly seems urgent, and I would suggest that the hon. member put it on the order paper.

[*English*]

PUBLIC SERVICE

COLLECTIVE BARGAINING—INQUIRY AS TO LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Prime Minister. Two weeks ago yesterday the Secretary of State for External Affairs who was Acting Prime Minister for that day, in response to a question of mine said we could expect the legislation respecting collective bargaining in the federal civil service soon. Can the Prime Minister tell us whether the legislation will be on the order paper before Easter? If not, how soon may we expect it?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope there will be a resolution on the order paper before the Easter recess, and I hope this will be legislation which we can reach very quickly after that Easter recess.

HIGHWAY SAFETY

FEDERAL REPRESENTATION AT CONVENTION OF COUNCIL

On the orders of the day:

Mr. P. V. Noble (Grey North): I should like to direct a question to the Prime Minister. Would the Prime Minister give the house the assurance that he would have a representative of the government attend the Canadian Highway Safety Council convention in Calgary in the first week in May?

Right Hon. L. B. Pearson (Prime Minister): I think, Mr. Speaker, at a conference of this importance there should be an official representative from the government. I think there will be. No doubt the hon. member for Brome-Missisquoi (Mr. Grafftey) will want to be there too.

HEALTH AND WELFARE

REQUEST FOR INCREASE IN HOSPITAL CONSTRUCTION GRANTS

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of

Inquiries of the Ministry

National Health and Welfare arising out of a short discussion that took place when we were considering the final supplementary estimates of his department. I raised the matter of an increase in the level of hospital construction grants, and I asked the minister to give us some information on this question. I wonder if the minister is in a position to give the house any information as to where this matter stands at the present time.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, at the conference of health ministers last January I announced that the hospital construction grants would be continued at the present levels for an additional two years, until 1970. It is not the intention of the government to recommend an increase in the level, although the period has been extended for an additional two years.

NATIONAL REVENUE

DUTY ON CAR MADE IN CANADA, BOUGHT IN U.S. AND RETURNED TO CANADA

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to direct a question to the Minister of National Revenue and ask him whether an order or directive has been issued in his department to the effect that a Canadian car produced in Canada and shipped to the United States by reason of the automobile agreement, then purchased in the United States by a Canadian and brought back to Canada is not subject to tariff in any way?

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, this is not the case.

Mr. Diefenbaker: What is not the case?

Mr. Benson: Automobiles imported from the United States by individual Canadians, regardless of their source of manufacture, would be dutiable on coming into Canada. Individuals may not import new cars without paying duty. Also there is an absolute prohibition against the importing of used cars except in very special circumstances.

Mr. Diefenbaker: I am talking about new cars.

Mr. Erik Nielsen (Yukon): A supplementary question, Mr. Speaker. Is it not the case that in this regard Canada is the only country imposing a duty on goods manufactured in this country?

[Mr. Barnett.]

Mr. Speaker: Order, please. This question is not in order.

Hon. Michael Starr (Ontario): Duty is paid on goods made in Canada which are shipped to the United States and brought back to Canada.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, March 29, consideration of the motion of Hon. Mitchell Sharp, (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. J. W. Monteith (Perth): Mr. Speaker, last Tuesday evening I called the presentation of the Minister of Finance, which we are again debating today, a dead end budget. I repeat that, Mr. Speaker. It has no goals or directions.

This budget does little to control inflation. It virtually ignores the country's international payments deficit. It leaves many injustices uncorrected. It does nothing for the forgotten pensioners. It maintains mountains of paper work for the bureaucracy. It will reduce incentives, and it does nothing to develop the long term goals of the country's destiny.

This is a bureaucratic budget which is confusing, full of paper forms and even paper clips, one might say. It starts with the assumption that you can get away with anything if you confuse the people and if you confuse business enough. In other words, Mr. Speaker, and I am only interjecting this in a facetious manner, you can play any tune on the piano if you hum loudly enough.

Mr. Martin (Essex East): You have to have a piano.

Mr. Monteith: Sir, I believe this is a budget involving economic myopia. Only a few short months ago we were in an election campaign. We heard many promises from the present leaders on the government benches. They said "Give us a majority and we shall do wonders".

I would remind these hon. gentlemen of a few of those promises. I would ask the Minister of Finance what provision has been made for the skating rink in Vancouver. What about the $1 million for Digby harbour, or the millions more promised for housing? What provision has been made for the causeways, or I suppose now one might say "pause

ways"? What about the $25 million for Cape Breton coal, the dams which have been promised all over the country, the undertaking to provide home mail delivery in small towns, the study of fish which was to be made in Newfoundland, or the $100 million promised for road building in the Yukon—a promise which, incidentally, did not have the effect desired by the government on election day? These are all things which were promised but for which I see no provision made.

• (11:50 a.m.)

I would be lax in my duty, I feel, if I did not congratulate the minister on his success in the dumping of his predecessor's budget items and the complete reversal of earlier policies both good and bad. "Troubled Canada", Mr. Gordon wrote. "Troubled Walter", Mr. Sharp says. The hon. member for Davenport (Mr. Gordon) lowered income taxes. The Minister of Finance (Mr. Sharp) raised them. The hon. member for Davenport put an 11 per cent sales tax on production machinery. The Minister of Finance is timidly removing it. The hon. member for Davenport made much of his billion dollar Canada Development Corporation, which was to have done wonders. The Minister of Finance has forgotten all about it. In fact I suggest Mr. Sharp has forgotten all about Mr. Gordon. In less than a year we have seen a complete switch-round in Liberal direction. We are substituting for the 60 days of decision the present minister's stiletto and 365 days of incision.

I should like to put on record a few extracts to show what sections of the press think about this budget. First I would quote from an editorial which appeared in the Toronto *Daily Star* of March 30:

> Mr. Sharp's budget is a shotgun affair which applies to the whole country without regard to regional differences. It ignores the fact that while some regions, such as Ontario have been experiencing a boom verging on inflation, the good times have hardly touched the maritimes and eastern Quebec, where unemployment rates remain far higher than in central Canada. In these depressed areas, the anti-inflation budget could be a recession one.

Then I would quote one or two passages from *Le Devoir* by Mr. Claude Ryan. I do not think I should burden the house with my French; I have had the passages translated into English and I will read them in English.

> While there should be no hesitation in accepting Mr. Sharp's basic outlook in this connection we may well ask ourselves, however, if he has indeed chosen the proper means for the realization of his purposes.

In the case of the federal government we should have been able to contemplate a severe reduction not only of spending in respect of construction, but also of the entire spending estimates. Instead of that Mr. Sharp was content to announce a very inconsequential 10 per cent cut in Ottawa's building program. A reduction of approximately $35 millions in total expenses totalling nearly $9 billion is obviously but a drop in the ocean. It may well be wondered what actual effect such a timid move will have on the decisions of other governments as well as on the actual performance of the economy generally. If the federal government really had wanted to set an example it has proceeded very timidly indeed.

Again:

> They take no account whatever either of the variety of capital investment problems as they apply to various types of industry nor of the different levels of industrial development as achieved by one area as opposed to another.

And here is an interesting passage:

> A year ago the floodgates had been thrown wide open to allow for free play of individual initiative. Since the people were to be called upon to vote they had to be treated as pleasantly as possible. One year later we find ourselves, once again, in the position in which we were before Mr. Gordon's election budget. Whatever Mr. Sharp may say, this is a difference which cannot be explained away entirely by changes in economic circumstances. Its explanation must be looked for, to some extent, in the opportunism of the party in power. If we are now returning to soundly based austerity it is simply because there is no fear of early elections.

Incidentally I think I should put on record the concluding sentence in this editorial:

> Unfortunately, nobody thought of encouraging Canadians to invest in their own future, which is perhaps driving short term caution a little far.

These two editorials give a concise picture of how inept this budget really is. I claim it is leading Canada down the proverbial garden path. I would commend the minister on accepting at least a few elements of the Progressive Conservative party's program. Naturally it is heartening to any political party to find its opponents adopting some of its "policies for people." I refer to the announcement by the Minister of Agriculture offering $4 per hundredweight for industrial milk, which of course was in our program. I refer also to the decision to treat potash solution mining in the same way as any other type of mining for tax purposes. This too was one of our policies. But why did it take so long? Now that parliament has a new senator from that province the government will be able to keep in touch with the needs of the people out there. This is an important decision for Saskatchewan.

The 11 per cent sales tax has now been removed from certain production machinery,

jigs and moulds, and notice has been given that in one or two years from now it will be reduced and finally eliminated in respect of all production machinery. We hope the minister lives up to this budget undertaking better than his party has lived up to its campaign promises. We deplore the fact that the minister has not gone further in this direction, as our party has suggested.

The president of the Auto Parts Manufacturers Association of Canada emphasized the seriousness of this tax in a statement reported in yesterday's *Globe and Mail*. His industry is being told to compete with the United States giants which are not required to pay a comparable sales tax. Not only do Canadian firms have to meet competition from these bigger, low cost United States firms, but they have to pay an 11 per cent tax as well. The Minister of Industry told them "Have courage to expand." The manufacturers wanted to know why the Minister of Industry had not talked to the Minister of Finance. As the president of the manufacturers association said in the *Globe and Mail*: "When a government advocates free trade and then does something like this, you just wonder where the brains are."

• (12:00 noon)

We have pressed for the removal of the 11 per cent sales tax on building machinery, supplies and materials. In fact, we were firmly against it from its inception. The minister has said that in the course of a year or two this tax will be wiped out so far as machinery and equipment are concerned. I ask, why not now? His answer, of course, may be twofold, first, that he needs the money and, second, that he is seeking to delay orders for machinery and equipment for a period of time until demand slackens.

I believe the minister and the government have gone about this whole thing backwards. How in the world can the demand be satisfied if the means of producing for that demand are going to be delayed and delayed? I feel encouragement should be given to industry to provide the required facilities to produce so that the demand can be satisfied. I do not believe that the required production facilities needed across Canada should be delayed. We do not want to set this country back. We want to see the demand satisfied.

The minister has been trying to squeeze down the demand and ignores the fact that the government should be encouraging production on the supply side of things. The

Minister has pretended that he has been dealing with inflation while he has only been monkeying around with the economy, which in turn will be self-defeating.

Let me now turn to the items in the budget which are prominent by their absence. Why did the minister not discuss the auto parts agreement when his predecessor boasted so proudly of it only last year?

Mr. Sharp: Because it is on the Order Paper.

Mr. Monteith: We welcome the jobs the agreement may provide but we are concerned that a weak government here in Ottawa will do nothing to stand up for this country's interests. How much of that $50 million in tariff reductions have Canadians received in lower car prices? How are our parts manufacturers getting along? Why are we not told? There is plenty to be discussed in the auto agreement but I think the government does not want to discuss it.

This is quite a different song from last October and November when the Prime Minister (Mr. Pearson) and various other ministers were falling all over themselves with boastful praises. We have heard the good part but now we are hearing the other side. There are many things the government should have done. We had hoped for something for our old age pensioners, and I suggest that the government's flippancy in this respect is a shame and a disgrace.

Some hon. Members: Hear, hear.

Mr. Monteith: Recently the Senate report on aging said that a minimum of $1,260 annually is what is required for a single person to subsist. We asked for $100 monthly. As I mentioned the other day, the spiralling inflation makes the old age pension of $75 worth around $70 now and it will be worth a lot less a year from now.

During the election campaign the Prime Minister promised that more would be paid but that there would be strings attached. On October 15 he said in a C.B.C. broadcast:

> Anybody who has only $75 from the state, and no other source of income, and needs more, even if it's $125—more than $100—should be in a position to get it . . . . They will get it, and this will be done through a national assistance program worked out by the federal government with the provinces.

I would remind the house that this involves returning to the means test, but nevertheless the government has done nothing. Nothing has been done in this budget and, just as the

auto parts manufacturers asked the Minister of Industry (Mr. Drury) to talk to the Minister of Finance (Mr. Sharp), I suggest that the Prime Minister talk to the Minister of Finance. The older people of this land are still waiting. Does the government care? I say no, Mr. Speaker.

Mr. Diefenbaker: There are only four ministers in the house now.

Mr. Monteith: Then there are other items like the sales tax on drugs. We promised to remove it. Last year the former minister of finance said he was not acting on it because the Special Committee on Food and Drugs was studying the situation. This year the present minister says that the committee is still studying it but if the committee recommends removal of the tax the government will act. I have never heard such nonsense, Mr. Speaker, asking the committee to make a recommendation and telling it beforehand the effect of anything it might say. We wish the minister would follow the same policy with respect to the Economic Council's program for greater productivity.

There are some temporary measures in the budget. There are the changes in the capital cost allowances but they really mean very little in the over-all picture. They are going to frustrate and confuse immeasurably the plans of the small businessman. I know, having been an auditor for this type of client for many years.

They are also going to hurt the farmer. Yet over all they will do little to change the direction of the economy. Capital cost allowance changes are not going to affect the expansion plans of several large corporations. I think I should mention one or two such as the Steel Company of Canada, General Motors, and MacMillan Bloedell and Powell River. This type of corporation is not going to let depreciation changes affect its plans for the future. If there is any curtailment we believe that it will merely put off still further the day when consumer demand can be met.

The income tax changes mean greater taxes for many Canadians, probably the best proof we have that the government is not going to try for a majority this year. Last year was rather obvious—taxes down, an election. Then the Canada Pension Plan came in and wiped out the difference. Now taxes are up—certainly no election.

To me the income tax changes are meaningless. They do assist the minister in his financing but the amounts involved are not going to mean anything. Those who are gaining some minor benefits are going to spend the extra few cents a week, which is all it is going to amount to. Those who are receiving $25,000 and over are not going to let an extra $580 in tax deter them from buying a new car or anything else they may wish. In fact, the $580 could well be savings that would have been reinvested in Canada's future by people in this category. A married person with two children, earning $10,000 a year is going to pay something like $119 extra tax. Here again this is not really going to affect inflation, but we wonder why wage earners making $5,000 and up are being forced to pay more.

There is only one method to meet the problem of inflation and that is to increase supply to meet the demand. Mr. Speaker, if you really want to find something to challenge the willing, scare the daring and frighten the weak, you must try the minister's refundable tax on cash profits. It is not what it looks like; it looks like what it is not. I suggest the minister must have been reading Abe Lincoln when he thought that one up and he got carried away. Lincoln said:

> Towering genius disdains a beaten path. It seeks regions hitherto unexplored.

Once again, Mr. Speaker, we see bureaucracy at work. The government is presuming to decide what is good for business and thinks it can do it better than business can decide for itself. I do not believe this is the case.

Let us just examine this 5 per cent refundable tax. Just what does this gimmick mean? I claim it is useless, impractical, unfair and unlikely to achieve the desired results. It is really nothing more than a forced loan to the government so that it can borrow money at 5 per cent, below the current market rate.

• (12:10 p.m.)

Inflation is expected to continue this year and the tax, therefore, is really a partial confiscation of capital, taken from business now and to be paid back when the dollars are worth less. It will be imposed on companies with no capital spending programs, and it is even possible to doubt that its real purpose is as an anti-inflationary measure. It will apply to any taxpaying corporation including banks, trust companies and companies in the service industry which have virtually no capital spending program. Therefore the tax cannot possibly curtail capital spending so far as these particular companies are concerned. It

means an unfair burden on companies engaged in the exploration for natural resources as it includes depletion allowances in its tax base. This certainly is a field of endeavour which we do not want to curtail.

The minister said that this tax would affect only some 20 per cent of the major companies. I should like to quote from an article in the *Financial Post* of April 2, this week's issue. It is by Clyde Baxter and reads:

> Sharp and his officials are confident most companies are already so advanced in their 1966 planning, and even in many cases for the next year, too, that the great majority will go ahead despite the new regulations.

I think that quotation sets out the whole thing in a nutshell. It is a personal opinion, but I would agree with Mr. Baxter. Most companies of any size have made plans for one, two, three, or more years in advance. Does the minister think for one minute that these large corporations from which he is going to take this refundable tax are going to cease their modernizing plans because of this tax? Surely the minister realizes that large corporations cannot operate that way. Just what is going to happen? Their own money in the form of this tax is going to lie dormant in the minister's hands while they go out to borrow funds to complete their modernizing requirements. It is going to cost them more; they are going to pay more than the five per cent which the minister is going to pay them. Who is going to pay the cost of that extra interest? Naturally, the consumer. It is going to increase the cost of living. It is going to be reflected right down to the consumer level. This again is one of those things that is going to make our industry and particularly our larger industry less competitive both in our foreign markets and in our domestic market.

International companies are going to be tempted to leave funds overseas rather than repatriate them. I could mention a few such as Hiram Walker, Distillers Corporation, Seagram Limited, Moore Corporation, and Massey-Ferguson. The only funds they may wish to bring back to Canada are those sufficient to pay dividends. Why would they bring home funds only to have to pay five per cent of them to the government and receive only five per cent interest? I might point out at this stage that the minister is going to get needed funds at five per cent interest and only yesterday he sold government of Canada treasury bills at a long time high interest rate. June 30 maturities averaged 5.06 per cent and one year ago they were at 3.62 per cent; September 30 maturities cost the government 5.30 per cent and a year ago they were 3.73 per cent. This shows how our money is going; it is becoming more expensive. Here is an opportunity for the minister to get money from these companies at five per cent when on the current market he is paying considerably more. These are forced loans that he is going to impose on quite a few of these larger corporations.

[Mr. Monteith.]

I know of one company which has a capital expenditure program of over $100 million which was decided upon two years ago. It is engaged largely in export. Will this move by the minister stop it from completing this program? Will it help them to know that in 1968 there will be no 11 per cent tax on machinery and equipment? Will it help the company to take five per cent of their surplus cash and force them into the market to borrow? The minister is keeping the production costs of this company higher than is necessary in two ways. They are going to have to pay the tax on their new machinery and equipment because they cannot stop in midstream. They are also going to have to pay to the department their five per cent refundable tax and probably borrow at a higher rate of interest to complete their expansion program. This can only increase their cost of production.

Let us look at the consequences of the increased cost of production, namely, increased prices and an increased cost of living to the average Canadian. Let us look at what the government is itself doing. It is reducing its expenditures by something like $35 million. Note that, Mr. Speaker, $35 million out of approximately $9 billion in total federal spending, an infinitesimal percentage. If it believes seriously that it wants to delay construction and expansion in industry, why does it not act more forcibly in its own sphere of activity? The government should take a hard line in curtailing its own spending. Why does it not reduce these budgetary figures? Goodness knows, there are enough areas. I suggest we could wipe out the entire Department of Industry. The government is suggesting that private industry should reduce expenditures but certainly it is not acting responsibly itself in this respect. It is failing to restrain expenditure as it expects the private sectors of our economy to do. I suggest, Mr. Speaker, that this is typical bureaucratic mentality as exemplified by this Liberal government.

The minister has paid lip service to the Economic Council of Canada. He did this on

more than one occasion in his budget speech but then proceeded to act contrary to their advice. He admits this himself. I would like to refer to one sentence in a column by Mr. Fraser Robertson in the *Globe and Mail* of March 31:

> But Mr. Sharp's opinion of the Economic Council is only so-so. He takes from its report the parts he likes, rejects what he does not like, in the manner of a child fussing with its dinner.

I should like to quote a few words from the report of the Bank of Canada. The minister answered a question this morning. I am paraphrasing but I think it was to the effect that the Bank of Canada and the minister are in accord on policies. I do not think this can be accepted.

Mr. Sharp: Not like the old days.

Mr. Churchill: There is nobody here.

Mr. Diefenbaker: All the minister's colleagues have left.

Mr. Monteith: I should like to read one or two passages from the report of the Bank of Canada for the year 1965. I think I should start by reading the first sentence:

> As the economy moved toward the completion of its fifth year of expansion,—

Even the minister is agreeing that the expansion did commence back in the days of the previous government. He is admitting that too. On the hustings during the last election campaign you never would have heard these words out of the mouths of the ministers of the government.

• (12:20 p.m.)

I think the following paragraph from page 3 of the Bank of Canada annual report for the year 1965 is very important. It states:

> The output of the economy in 1965 could have been even higher if our productivity performance had been better. The productivity gains which accompanied the reduction in the margin of unused resources over the past year or so have been disappointing.

This next sentence is important.

> This underlines the need for emphasis on policies bearing on "the supply side" of the economy which enhance our ability to produce. It is also the case that unemployment is still high in some areas, and output would be greater if the remaining pockets of unused resources were drawn into employment.

At page 11 of the same report the following is stated:

> While we must continue to make the best arrangements we can for access to foreign capital to protect ourselves against the possible need for difficult and concentrated adjustments, I believe that we should be aiming at a pattern of economic growth which, while providing for full utilization of our resources, involves reduced dependence on net capital inflows. This does not mean that we should adopt inward-looking attitudes. On the contrary it means that we must attach great importance to increasing our ability to compete effectively with foreign producers both in other countries and in Canada. It means that we should be increasingly concerned with maximizing our productivity and industrial efficiency, with up-grading our labour and management skills, and with keeping our costs and prices in line.

This can only be done by concentrating our efforts on satisfying the demand and by concentrating on the supply side, as the governor of the Bank of Canada has said.

I should also like to quote from a pamphlet entitled "Private and Public Investment in Canada, Outlook 1966" published by the authority of the Minister of Trade and Commerce (Mr. Winters). There are one or two statements of interest in this pamphlet. I should like to quote from page 7:

> Within the goods producing industries the greatest additional strength appears in the resource based forest and minerals industries where outlays are expected to increase by one-third compared with the 14 per cent rise recorded last year. Of particular significance are the programs currently planned by the mining industry. These involve a doubling of expenditures in iron mines and a similar increase in outlays for potash mines. In addition, spending for facilities for non-ferrous metal mines is expected to rise by about 50 per cent. The added strength in the forest based industries is entirely the result of a further substantial expansion of investment for pulp and paper mills, involving outlays some $120 million greater than those of 1965.

Does the minister want to stop this? These industries help our foreign exchange position; they provide employment and expansion. Expansion means efficiency which in turn means that these companies will then be able to compete in world markets. Surely we want our export industries to be able to compete efficiently in order that we can keep our costs down, which in turn will help our own citizens.

The Minister of Trade and Commerce has pointed out that new construction will increase by 12 per cent to reach a level of $9.2 billion and that expenditures for the acquisition of new machinery and equipment will increase by 17 per cent to reach a level of $5.4 billion. If the Minister of Finance wants to lower costs and wants to put the brake on inflation he should remove the 11 per cent tax now so that these companies will not have to pay the 11 per cent on new equipment.

Some hon. Members: Hear, hear.

Mr. Monteith: The 11 per cent tax will only increase the cost of production, and the consumer will have to pay that increase.

In British Columbia a further rapid advance in capital spending for new pulp and paper projects and power development is anticipated. Incidentally, I should point out also that outlays for repair of existing machinery and the purchase of new equipment are expected to amount in total to $7.5 billion. Most of this repair work will be subject to the 11 per cent tax and repairs cannot be held up until its removal. If we take off that tax now the cost of production can be held down.

In Quebec the major advances in capital spending will occur in the manufacturing and commercial services sectors. Within the manufacturing group the major developments contributing strength are large increases in outlays in the pulp and paper and the primary metals industries.

I suggest we want to create supply to satisfy demand. One can only curtail inflation in this way. This is what the Minister of Trade and Commerce has to say in this regard:

> While in the short run adding to the strong demand and cost pressures already present in the economy, larger capital spending programs, once completed, will substantially increase Canada's productive capacity.

That can be found at page 9 of the pamphlet to which I have referred. That is exactly what we want and that is what the Minister of Trade and Commerce suggests will happen. He states:

> —larger capital spending programs, once completed, will substantially increase Canada's productive capacity.

The Minister of Finance is attempting to put on the brakes and I do not think this should be done. We think our choice is simple. We want to stop the cost of living from rising any further. We think the 11 per cent sales tax on machinery and equipment and building materials increases costs and hurts productivity. We think the refundable tax program is nonsense.

We suggest that we should approach our problems by expanding production, by increasing supply and not by sitting on demand. We do not want our old people to be told that there is something evil about wanting a decent pension or our young people to be told that they must not seek a better education. We do not want our wage earners to be told that they have no right to good wages or our industrialists to be told that they should shudder at the sight of their own shadows.

It is higher productivity that will put some power back into the wage earners pay envelopes, that will permit industry to pay higher wages, that will keep prices from rising and that will make Canada competitive in world markets. Increasing supply is the road to a higher standard of living and a greater wealth for all Canadians. The governor of the Bank of Canada has said this, the Economic Council has said this and the Department of Trade and Commerce has said this. Why does the Minister of Finance not realize that this is the fact?

We have no confidence in this budget, Mr. Speaker, in that we do not believe it will meet the needs of Canada and its people. Therefore I move:

> That all the words after 'that' be deleted and the following substituted therefor:
>
> That the policies of this government have failed to deal constructively and effectively with major national problems facing Canada which require action now to provide policies for adequate incentives to increase productivity, stimulate export trade, to meet the serious and increasing imbalance of international payments, to maintain price stability, and to promote orderly and equitable development and expansion in all areas in the nation.

Mr. Speaker, we are tired of the "little Canada" approach. This is a big land crying out for development. We will never have it if we are afraid.

• (12:30 p.m.)

Mr. Isabelle: Mr. Speaker, would the hon. member accept a question? Is there at least one good thing in the budget?

Mr. Monteith: Yes, taking off the tax on the potash mines.

Some hon. Members: Oh, oh.

Mr. Muir (Cape Breton North and Victoria): The member who asked the question does not know what potash is.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, to the best of my recollection our present Minister of Finance (Mr. Sharp) is the sixth Minister of Finance whose budget I have had occasion to deal with in this chamber. Ministers of this government seem to have a rather short, if not merry, life, a sort of mayfly life, and we must make the most of this minister while we have him. I have always found that budgets are revealing not merely of the government's policies but also of the outlook on life and society of the minister. I hope the present

minister will not take it amiss when I suggest that I find this budget rather grey and cautious, imbued with the spirit of ca'canny which one might expect from someone of his ancestry.

In this budget there is none of that rather engaging, shall I say, "zany" quality of bold improvisation which characterized the budget of one of his predecessors, a budget that was presented with considerable panache. I suppose at this particular juncture in the world's history the question is which of these two courses is the better. In a world which is changing like a kaleidoscope, is it better to mount the steed of enthusiasm and ride off in all directions at once or ride one which stands almost still and hardly moves in any direction? At least we can be sure that the present Minister of Finance will not ride for a fall. His danger is that he will petrify into an equestrian statue.

In light of the minister's personality, shall I say, his outlook on life, it is understandable that in the welter of conflicting advice which he no doubt has received, particularly in regard to the question of inflation or no inflation, inflationary pressures or no inflationary pressures, he should steer a careful, middle course between the bland, qualified optimism of Dr. Deutsch and the worried pessimism of Mr. Rasminsky. I have noticed that the minister seems to have come down pretty well on the side of the dangers of inflationary pressures.

I have been a bit disturbed by some voices, not particularly bright and rather simple-minded, that have been raised recently which equate the rise in the cost of living index with inflation. It is true enough that rising prices may be an indication of a general inflationary situation, but that is not necessarily so. There are indeed many other circumstances in our economy which will lead to a rise in prices rather than a general inflationary situation. We have such things, for instance, as administered prices which are set by corporations in monopoly and near-monopoly positions without very much regard to costs and with hardly any more concern than what the traffic will bear.

It is very often said that increased wages are the cause of price rises, and of course on occasion this is true; only a fool would deny it. But this is only part of the story. Very often, sir, increased wages impel the employer to adopt much more efficient methods of production and cause a drop in the unit cost of production which does not justify price increases but nevertheless causes price increases.

In my own province of British Columbia, in the principal industry of that province it is notorious that all wage increases are recouped by the employer with an additional 10 per cent or 15 per cent. It has happened repeatedly year after year, and more often than not the increase in price has taken place before the wage increase. When an employee tries to obtain an increase in wages he is really demanding a larger share of the wealth which he produces, and when employers refuse to grant him that larger share, which they do by maintaining their own profit position by increasing prices, then we get, stemming I suppose, from the wage increase a price increase.

However, Mr. Speaker, at this point there comes the question that we in this party have raised several times this session, namely, the necessity of taking some action with regard to spiralling prices. We have suggested that in co-operation with the provinces there should be a prices review board which could examine these increases, particularly in basic prices, to see whether they were justifiable. I suspect that all that would be required in many instances would be public exposure of the actual situation in any particular industry.

Of course, our minister does not take such a simpleminded view. He presents to us a much more sophisticated approach to the problem of inflation or inflationary pressures and tells us in effect that we are approaching the full utilization of our resources and consequently the danger of inflationary pressures becomes extremely severe.

There are roughly three sections of our resources. One is our natural resources; the second is the industrial plant by which those resources can be transformed into commodities, and the third is our human resources. To the best of my knowledge, neither the minister nor anyone else can tell us what our natural resources are. For one thing, they have not all been explored and for another, of course, their economic utility will depend on changing economic circumstances both in Canada and abroad.

It may be that our industrial equipment is working at full capacity or near full capacity today, but no one has suggested that it is necessarily working in the most efficient manner possible. Indeed, the minister himself in parts of his budget address made suggestions as to means of increasing productivity

in our industry, which would indicate that he himself has some doubts whether Canadian industry is as productive as it should be. But there can be no question about the status of our human resources. When the minister tells us that we are approaching the full utilization of all our resources and consequently must be very concerned about the danger of inflation, he blandly ignores our 356,000 unemployed. These are the latest figures I could obtain, as at February 19, seasonally adjusted. Three and a half per cent of our total labour force are unemployed.

It would appear that the minister is prepared to dismiss this particular part of our resources, perhaps justifiably. Perhaps he takes the position that these unemployed are useless as factors of production. It may well be that because of defective education, lack of technical skills or poor physical health arising from long continued poverty, these 356,000 unemployed are actually not capable of being part of our productive force at the present time, that there is no place for them within our industrial economy, that they are in fact a burden upon the rest. To say this may very well be true. Admittedly, it is a very cold-blooded approach to regard human beings in this manner. I shall have something to say later, Mr. Speaker, about this social philosophy that impels us to so regard human beings, a social ethos which narrows man's potentiality, which confines him to the role of a producing and consuming animal. However, this is the way which, in the context of the minister's Budget, we must consider these 356,000 unemployed. We must consider them as people who are at present not valuable assets in the productive forces of our country.

• (12:40 p.m.)

Now, the minister implies this when he ignores this situation and at the same time tells us we are approaching the limit of utilization of our resources. In fact, he discards them as defective parts of the machine which, as I say, they may very well be. But, sir, I would point out that even if we set aside moral and humane considerations with regard to those who are dismissed from our active society, and I do not think we should do that, this is still a shocking, wasteful extravagance from an economic point of view and one that is simply unsupportable.

If the unemployed are unfit for the purposes of industrial society, and as I say there may very well be a case to be made out for

that, the fact we have had a hard core of unemployment lasting year after year which we are apparently unable to shrink to any appreciable extent would indicate that we have this large corps of people who cannot be fitted into the industrial machinery of our modern society. If that is so, Mr. Speaker, then it seems to me that obviously our task is, before we speak of the full utilization of resources, to sharpen, to polish and reshape these defective parts of our human resources so that they can be fitted into the production machine and become assets instead of remaining liabilities.

What do we find in the minister's budget? What do we find his policies portend for this reshaping process? Obviously, the most important thing in reshaping, repolishing and retooling our human resources is a vastly increased public investment in education and in technical training in order to prepare these people so that they may play their part in society, a vast public investment that would remove at least some of the conditions of abject poverty which make the possibility of these people being able to absorb an education very remote.

What do we find our government doing? The minister tells us he is going to cut his own government's spending. He is going to urge provincial and municipal governments to curtail their spending. He does this by means of exhortation and by leaving them in a rather difficult position to fulfil those functions which are largely provincial and municipal functions, education and training. For instance, he is not prepared to remove the 11 per cent sales tax to encourage and enable municipalities or school boards to increase their social capital as a basis for reshaping these presently defective units of our popultaion.

He tells us of the need for higher productivity and almost in the next breath he tells us of two steps he is taking which appear to be in the opposite direction. The minister says he is not going on with the development of the structures laboratory at the National Research Council. In the light of the tragic accident that occurred on Elgin Street yesterday I would think the folly of this type of curtailment would be underlined. In the next paragraph the minister says he is going to curtail investment in the experimental farm stations. Again, one would presume this project was designated to increase productivity.

These are two comparatively minor instances which illustrate the minister's reversal of his position. He says we need higher productivity and then takes steps to curtail our ability to achieve it. These are sins of commission, rather minor ones perhaps and not significant, but they are nothing like the sins of omission which must have much wider effect than the two small sins of commission I have mentioned. He ignores the existence of this large proportion of our labour force, 3.5 per cent, and blandly tells us that despite that we are near the end of the full utilization of our resources. We are faced with this fact, Mr. Speaker, that he possibly had to take this position because of past negligence on the part of this and former governments. As a result of this, he would not now be in a very good position to inaugurate any policy to reshape or retool these defective parts of our population.

To the best of my knowledge there has been no survey made by this government or previous governments as to the skills that will be required in the rapidly changing economy in which we live today. There has been no survey to find out what skills will be called for by the vast technological changes that are taking place continually. There has been no research, no surveys to the best of my knowledge with regard to the skills, capacities or qualities of those who are presently unemployed. We do not know, therefore, what we need from them.

Mr. Alkenbrack: Mr. Speaker, may I rise on a point of order to ask the hon. gentleman a question?

Mr. Speaker: This is not a point of order.

Mr. Alkenbrack: A point of privilege then?

Mr. Speaker: It is not a question of privilege. The hon. member may seek the permission of another hon. member who has the floor to ask a question, which permission may be granted or refused.

Mr. Alkenbrack: May I?

Mr. Cameron (Nanaimo-Cowichan-The Islands): Yes, if I have time I do not mind.

No survey has been made at all and consequently the government has tied its own hands when it comes to launching an effective program in the war against poverty. There is no doubt the recent war against poverty has become a byword in this country for a piece of government whitewashing. We do not know what skills are needed. We do not know what capacities the unemployed have. No survey has been made, so what do we do? We sweep them under the rug. We do not include them in our potential resources utilization of which the minister tells us is reaching very close to the limit.

Of course, we have a new department recently appointed to achieve this, and I refer to the proposed ministry of manpower. I wonder how this new department will work when it comes up against the brick wall of some of the other policies of the minister? I have noticed in the minister's budget that he appears to be determined to accentuate a trend in investment in Canada which has created this situation and which, if continued much longer, must inevitably be disastrous. For the last five years at least there has been a growing disparity between investment in social capital and investment in private business capital. In 1961, 41.7 per cent of our total investment went into social capital and 58.3 per cent into business capital. By 1965 it had reached the point that 39.7 per cent was in social capital and 60.3 per cent in business capital. In the forecast produced by the Department of Trade and Commerce for 1966 we find that it is estimated that for the ensuing year the investment in social capital will have dropped to 38.4 per cent and the estimate of business investment will have risen to 62 per cent.

This, I suggest, sir, is a shocking and dangerous trend when we have reports on all hands of the failures and inadequacies of our educational system, when we have reports on all hands of the failure to provide adequate health services for the Canadian people to maintain them in the state of health that is required to sustain them as useful members of our society, when continually both business and government bewail the fact that we have a shortage of skilled personnel, when we have disgraceful slums in every city of the country, when we have poverty which is the breeding ground of crime and delinquency, and the non-utility of human beings as productive organisms.

• (12:50 p.m.)

Knowing this, what do we find? We find that the government is determined to allow this disparity in investment to continue. The government is determined to allow the shortages in social capital from which we suffer today to remain. The government does not wish to take steps at all to correct this imbalance that might start us at least on the

path toward solving the problem of the usefulness of human beings in modern society.

It is true, I acknowledge, that the minister is proposing to place a curb on business investment. I would imagine the minister took one hesitating, rather timid look at what they are doing in Sweden and that he felt he had to do something of the same sort. Of course, the difference is so great that it is not merely a difference in degree but a difference in kind between what the minister is suggesting and what the Swedish authorities have instituted for several years past. In that connection let me say, Mr. Speaker, that while I think the 5 per cent refundable tax is a very faltering step, if it is the forerunner of more decisive action in this field it is to be welcomed.

I noted with interest the position of the spokesman for the Progressive Conservative party when he protested against business having to relinquish $250 million, on which it is going to draw 5 per cent, without a word being said about the $140 million that is going to be taken out of the taxpayers' pockets for which they will get no return and no interest.

An hon. Member: It has to be paid.

Mr. Cameron (Nanaimo-Cowichan-The Islands): It has to be paid. I thought that what the spokesman for the Progressive Conservatives said was very interesting because it indicates clearly the concern of the Official Opposition with a certain section of our society. To take money from business is, of course, the ultimate sin for Conservatives.

Let us compare what the minister is doing with what they are doing in Sweden. I have here a copy of the Harvard Business Review, which outlines the Swedish program. We find there that any Swedish corporation may allocate, at its own discretion and with no necessity for government permission, up to 40 per cent of its pre-tax income to an investment reserve for economic stabilization. The amount so set aside is a deduction from income for purposes of income tax. In every case 40 per cent of the amount allocated to the investment reserve must be sterilized by deposit to the corporation's credit with the Riksbank, the Swedish central bank. There is no sterilization of the remaining 60 per cent of the investment reserve. It must be charged on the books as a reserve but it remains in the corporation's hands as part of its working capital, similar to a reserve for depreciation or for bad debts.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

The important part is this: While no government permission is required to allocate funds to the reserve, control over the taxpayers' reserve is largely in the hands of the government. Control is not exercised by the revenue administration but by the Labour Market Board, a government agency, whose primary duty is to combat unemployment. I would assume, Mr. Speaker, that that board has before it the results of the sort of survey that this government has never done. I would imagine that the Labour Market Board of Sweden has a very clear idea of the skills required in every part of their society, most of which they have today achieved.

In our own instance what do we have? We have a 5 per cent refundable tax on which we are going to pay 5 per cent interest. It is not going to have any flexibility as to the time of release. The minister must release the money at the end of 18 or 36 months regardless of the state of the economy. In fact, as a weapon for stabilizing investment it would seem to me to be of very minor effect and of minor use.

It may be, as I say, that it is one first, faltering step in the direction of rational control of investment programs and policies of Canada. If so, it is a very timid one. I suggest to the minister that he should perhaps borrow from his predecessor some of his rashness, some of his panache, and I suggest that he take bolder steps in that direction.

I have noticed that the minister has boasted, not merely on this occasion but on other occasions, that we are enjoying the longest period of economic expansion in our history. No doubt we have almost reached the new millenium. Perhaps we have. If that is the case, then we have a grim outlook before us.

An hon. Member: Hear, hear.

Mr. Cameron (Nanaimo-Cowichan-The Islands): We have a grim outlook before us when in a period of unexampled and unprecedented economic expansion, 25 per cent of the people still are categorized as living on the borderline of poverty, when we have still 365,000 unemployed persons, when the old age pensioner is receiving $75 a month. A retired civil servant telephoned me today to tell me of the plight of a friend of hers, also a retired civil servant, whom she found living on shredded wheat for a week waiting for the pension cheque to come. If this is what the longest unprecedented sustained period of economic expansion gives us, then I say the outlook is extremely grim, and I say that we

should take another look at the policies which have created this longest unprecedented spell of economic expansion.

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

Mr. Speaker: I understand that the hon. member has three minutes only left for his speech. I wonder whether hon. members would wish the hon. member to complete his speech?

Mr. Cameron (Nanaimo-Cowichan-The Islands): I plan to move a subamendment, Mr. Speaker.

Mr. Speaker: Order, please. It being one o'clock, pursuant to the provisions of the resolution adopted in this house on January 21 I do now leave the chair.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Cameron (Nanaimo-Cowichan-The Islands): As I said before the luncheon recess, Mr. Speaker, I propose to move a subamendment to the amendment placed before the house by the official opposition. I do so now. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words:

"and to meet the needs of taxpayers by changing the income tax structure so that single persons up to $1500 and married persons up to $3000 will not be required to pay income tax, or to meet the needs of Canadians whose incomes are below the income tax exemption levels by providing a guaranteed annual income."

The problem to which the subamendment calls attention is connected closely with what I was saying earlier in the debate. It is further proof of the inability of an unplanned market economy to distribute the fruits of expansion. Not only are we unable to distribute the fruits of our production but we place a levy on those in our society who can least afford to contribute to the operation of our economy.

I was speaking earlier of the curious manner in which the Minister of Finance had dismissed the 365,000 unemployed by making no mention of them and by suggesting at the same time that we had nearly full employment of all our resources. I suggest this is a situation which will continue to get worse. There can be no doubt that if those presently unemployed, as appears to be the case, are unfit to perform a productive function in our society, the level of unfitness will continue to rise in line with the technological development which is taking place today, and more and more people will find themselves in this category of being unused and unuseful members of our society.

The level of usefulness, if I can use that term, is bound to climb and much more drastic steps will be required to cope with the situation than either the minister or the government have indicated up to the present. This is one of the big paradoxes of our present method of operating our society. It is the dilemma of the unplanned market economy that not only does it fail to distribute the fruits of production in an equitable manner but that it is similarly unable to allocate resources in a socially desirable way, since the only consideration affecting the allocation of those resources is that of profit. The curious thing is that the richer we become, the more quickly we approach the full use of our economic, natural and human resources, the more difficult it is for us to make sure that those who need it most are able to share in the new wealth production. This, I submit, will always be the case as long as we continue to operate on an unplanned market economic basis.

I believe the almost obsessive concern with the rate of economic growth is actually an escape mechanism to enable us to avoid this problem of equitable distribution. It stems from a social philosophy which regards organized society as merely a productive and consumptive machine and human beings as being merely an attachment to that machine.

It is true we must have growth in order to keep pace with the rising population. But it may very well be that a better allocation of our resources and a better distribution of the fruits of our society would be sufficient to provide us with decent and satisfactory lives instead of our present course which is a mad scramble to use up resources, destroy our environment, exploit the capacities of human beings and keep the machine going at any cost.

We are confronted today with a foretaste of what will be done to us in more acute form by the automation and cybernation which awaits us. The time is fast approaching when we shall be obliged to take a hard look at the philosophy of human purpose which we now have, and at the philosophy of organizing

ourselves for the production and distribution of resources. I have always felt that in a modern state the goal of civilized state should be that of developing as far as possible an egalitarian society. I am not suggesting, here, any counsel of perfection; indeed, if that were possible, it might not be desirable.

We still have an immense number who are incentives. We have heard a lot about that this morning from the Official Opposition. I agree there must be incentives which will induce people to undertake the rigorous and lengthy training and education required to fill the most skilled positions in our society. But incentives used merely to encourage people to seek the most profitable places for investment land us in the state in which we find ourselves today where, in spite of the long and unprecedented economic growth, 25 per cent of our people are still living near poverty level.

• (2:40 p.m.)

We still have an immense number who are living in stringent circumstances and on whom, apparently, we must impose taxes. We still have old people, retired civil servants and disabled people living at substandard levels, and we still have a totally defective educational machine in this country incapable of producing the very productive force that the Minister of Finance tells us we must have.

Therefore I suggest we should not look merely at statistics. Statistics do not give us the real picture of our egalitarian society. We hear no mention of all the extra income acquired by those who happen to be in a position of prosperity. We hear no mention of the man who has a $50,000 home and who draws considerable income from the fact that he lives in this home and enjoys its amenities. He does not get taxed on that. I suggest that until some future government recognizes that we must divorce the idea of livelihood from that of a piece of machinery in a large productive machine we are going to have this continual trouble. We are going to continue to the point of expanding our economy and then being told that, because we are in an inflationary position, we cannot provide larger pensions for old people, and provide education as it should be provided, and cannot reduce income tax levels because we need the revenues.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

This is because the whole of our society is geared to the production of profits, to the maldistribution of wealth in order that those who own and operate the productive forces of society may draw their first tribute from it and leave us the rest. If this continues we are going to have more throw-outs because of technological changes, but somehow we will have to achieve some means of distributing the wealth that automation and cybernation have made possible. This is one of the great opportunities for mankind, but if we are going to have the sort of program presented by the Minister of Finance in his budget we are going to lose that opportunity and from our wealth possibilities we are going to create more and more misery for more and more people.

The Acting Speaker (Mr. Rinfret): The question is on the subamendment.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, the night the Minister of Finance (Mr. Sharp) brought down his budget I could not help but note that the most wonderful progress there was in that budget speech was the one made by the minister in his manner of expressing himself in French. That was the greatest improvement, and I think the Liberal members will agree with me. As a matter of fact, to me, it was the only improvement because, apart from that, the speech was rather disappointing and fairly rough.

In a certain way, the Minister of Finance reminded me of some finance minister in a country where people are complaining about a shortage of hats due to an increase in population. So, they consult their economists. The first one replies; well, we shall build factories and they will manufacture hats. No, says the second one, we shall cut off heads and then there will be enough hats. That is exactly what our Minister of Finance has done in his 1966 budget. He cut off heads, he cut down the number of public works, and he asked the provinces to do as much. He also asked the industrial and manufacturing interests to cut down on their investments.

Everything is in progress, but man no longer knows what to do with progress. There are too many heads? Let us cut them off. Too much progress? Let us try and restrict it.

That is not the way to develop a country, Mr. Speaker. One never develops the economy of a country or the country itself by trying to limit its growth but by encouraging it.

We noticed also that the Minister of Finance overlooked one of the important problems he will have to face. He talked about budgetary revenue but he did not mention his budgetary expenditures, on the last page of *Hansard* for Tuesday, March 29, because they would be for him a source of great difficulties. What I will say is not mentioned anywhere in the budget of the Minister of Finance. It is not shown at all in his calculations.

He forgot to tell us that on May 1, 1966, that is in a month from today, a loan of 325 million dollars will come to maturity.

Where will he get the money? There is no mention of it anywhere.

And that costs in interests, for this year alone, $11,375,000. If only that was all for this year.

But no, another loan, in the amount of $245,202,200, will fall due on September 1 and another one, in the amount of $205 million, will also fall due on that date. Again in 1966, a $23,320,000-loan will fall due on November 1. On December 15, three other loans will fall due: one, in the amount of $175 million, another of $125 million, and still another of $150 million, making a grand total of $1,248,522,900 in loans falling due in 1966.

The Minister of Finance did not say how he would go about paying back all that money. Will he tell us—and I would like him to answer this question—that Canada is not paying its debts? Will he borrow to pay that debt? He will have to borrow to pay back all the loans falling due this year.

But here is what will happen then. As those loans were made a long time ago, when interest rates were low: 3½, 3¾, 4, 4¼ and 4½ per cent, any new loans he makes will bear a higher interest rate of 5¼, 5½ or 6 per cent. There will be fees to pay brokers who will issue new securities to face the $1,238 million debt falling due in 1966. And as we will see in next year's budget, if this amount has not been paid, interest rates will have gone up.

Could the Minister of Finance tell us where he will get the money to pay back those loans? Why did he not speak about this in his budget speech? Has he decided not to pay back Canada's debts? Has he decided to go bankrupt? This would be the time to do it—

Mr. Béchard: There is the Bank of Canada.

An hon. Member: No.

Mr. Grégoire: Has he decided to go bankrupt?

[*English*]

Mr. Sharp: May I assure the hon. gentleman that is not my intention, Mr. Speaker.

• (2:50 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Speaker, the Minister of Finance tells us that that is not his intention, but could he tell us where he will find the money to repay this amount of $1,200 million? Can he tell us? Is he not able to answer? Is he not?

[*English*]

Mr. Sharp: If the hon. gentleman will permit me, Mr. Speaker, I might say that had he read my budget speech correctly he would have seen that we took all these matters into account in order to meet the needs of the government. Also, there was some intimation in the White Paper and elsewhere that we intend to repay these loans and otherwise keep the finances of this country in good shape and maintain confidence in Canada and in the currency.

[*Translation*]

Mr. Grégoire: A businessman who would give such an answer would no longer be considered as a businessman, because since confederation, the Canadian government has never paid off one cent of its debts without borrowing elsewhere.

So this year, next year and the following years, we shall have to borrow in order to repay debts incurred in 1867 and even before. This means, Mr. Speaker, that the money spent by Canada to buy red coats for its soldiers who defended our country against the United States in 1812, has been repaid 25 to 30 times over in interest and that more money is being borrowed to pay off the capital.

And he will tell me that this is the proper way to manage a country. We have paid 30 times over; they no longer exist, but we still owe that amount and we will borrow again to pay what we still owe.

And that, Mr. Speaker, is not all the borrowings. In 1967, another amount of $867 million will become due. In 1968, debts in the amount of $1,981 million will mature. Every year, the government will have to borrow anew to pay off its previous loans and each time it borrows, service charges have to be paid. It has to kowtow to finance in the

United States, Great Britain, Europe or elsewhere. And the cost of refinancing comes high. Interest rates are going up all the time.

If, this year, the Minister of Finance obtains $1,248 million to refinance the national debt of Canada, which will not help the country in any way, that will mean $1,248 million less in savings to invest in the development of our natural resources and of our industries, in short, the development of Canada.

The Minister of Finance seems to take that stoically. It is quite simple, we borrow to pay what we owe and we have been doing that for a hundred years.

I cannot understand why not a single minister of finance has had enough imagination in his noggin—

An hon. Member: His what?

Mr. Grégoire:—to find the way of making this country run with debt-free money. I wonder if the minister was here when his colleagues voted for that.

Mr. Béchard: That was not what we voted for.

Mr. Grégoire: I think he was about to rise and say he was not here, thereby blaming his old colleagues for having voted in favour of that.

But, Mr. Speaker, when a country is sovereign and autonomous, when it is really the master of its own destiny, it should not be compelled to do business with private financial institutions. It ought to set up, as a non-profit government body, a public development bank that would finance without interest public expenditures and public development.

This, Mr. Speaker, should be the goal of any sovereign and independent country. But Canada is still controlled by financial interests.

Mr. Speaker, there are in fact two problems facing the country today, or so it seems according to the speech made by the minister.

First, there is the increase in the cost of living. Second, our balance of payments shows a deficit.

The increase in the cost of living, where does it come from and for what reason? Almost everyone tries to hide it from himself and the hon. Minister of Finance especially refuses to see it. But the reason for the increased cost of living during the last year or two is mostly the increase in taxes.

[Mr. Grégoire.]

When a province increases taxes by 2 per cent, prices go up 2 per cent. When there is a 1.8 per cent or 1.9 per cent tax increase, as there was last year, prices go up. When the employer is also forced to pay 1.8 or 1.9 per cent more, prices rise. When an 11 per cent tax is charged on building materials, prices inevitably go up.

Through the creation of all sorts of new taxes, we have come to the point where the businessman, simply to make his reports to the government on pensions, health unemployment insurance, income tax for his employees, deductions at the source, taxes on profits, personal income tax, etc., has to hire a whole staff of accountants, secretaries and assistants to figure out all those things and divide everything according to each department. You can imagine that this increases production costs for industrialists and manufacturers contributes to increase prices.

Taxes are the main factor of the rise in the cost of living at this time. The minister complains that the cost of living is on the rise. But he is the first one responsible, for it is not the opposition which raises taxes, but rather the Minister of Finance who decides such things. And as this is the primary cause of inflation, the man responsible for inflation in Canada is the Minister of Finance every time he makes a decision to increase taxes.

Today whether you want it or not, there is 47 cents worth of tax in everything you buy. Every dollar's worth of products includes 47 cents in various taxes, either income, municipal, provincial, school or other tax. In every dollar's worth of production, there are 47 cents in taxes.

The minister wonders what inflation stems from. It stems from taxes or levies, which are higher here in Canada than anywhere else.

The second problem the country has to face is that of the balance of payments. Let us note this however: if we have a deficit, it is not that our exports are inferior to our imports. On the contrary, they are greater than our imports, but over and above that, huge amounts of money go out of the country in dividends, profits and interests paid to foreign companies. That is what causes the deficit in our balance of payments because, as a matter of fact, if we consider only the value of products we ship outside this country and those we bring in, our exports exceed our imports, but we have to pay the tax on money sent to foreign investors who develop our natural resources because we never had a government that could do it.

That is why, each year, we send $1.2 billion, I believe—at least, that was the figure two years ago—abroad in the form of dividends, profits and interest.

What does the minister say about that? In his budget speech, he says:

> We do not want to restrain export demands—we need the proceeds of exports to pay for imports and meet our very heavy obligations in respect of interest and dividends payable outside Canada.

There you have the heavy obligations: interest and dividends payable outside Canada.

Mr. Speaker, I should like to ask the Minister of Finance a question: if the United States had enough money to develop their own country, their natural resources, their industries and their trade and if, in addition, they had enough to go and develop natural resources and industries in South America, Africa, Europe, Asia and Canada, can the minister tell us why we Canadians should not be able to find the credit required to develop our own natural resources, our own industries and our own trade like the Americans have done?

• (3:00 p.m.)

[*English*]

Mr. Sharp: Mr. Speaker, may I ask the hon. gentleman a question? Is he suggesting that the people of the United States have been converted by his eloquence and are following the policies he has been advocating?

[*Translation*]

Mr. Grégoire: Mr. Speaker, my eloquence did not win them over. They were converted before that and before the advent of the present Minister of Finance. The United States succeeded in the last hundred years or so, with their own capital and their own credit, in developing their country. Why were we unable to do the same thing and did we have to borrow their capital and credit? The minister is unable to answer. Are we less intelligent or is their Minister of Finance more intelligent? The Americans can do it, not only for themselves, but for South America, Africa, Canada and the countries of Europe. How is it that they have capital to invest throughout the world? Why?

[*English*]

Mr. Sharp: Mr. Speaker, may I ask the hon. gentleman again whether he is suggesting that the United States should follow Social Credit policies in its administration?

[*Translation*]

Mr. Grégoire: I am not suggesting that at all, Mr. Speaker. Far from it, but I claim, for instance, that the Americans put into practice at least part of the philosophy of social credit in the sense that they are capable of finding capital and credit to develop their resources, their industries and ours also, whereas we are unable to develop ours. Seventy eight per cent of our natural resources and our industries were developed with American capital. Where did it come from? Could we not have capital to develop our resources, not theirs, or those of Africa or South America, but our own. The Minister of Finance should ask himself how it is that other countries did it and why we were unable to do it, except for 22 per cent, and Americans for 78 per cent. How is it that the United States could do it by themselves? The minister never asked himself that question. He never asked himself why we could never do it alone.

Now, the Minister of Finance is at the complete mercy of the United States or other foreign countries, for they control 78 per cent of our natural resources and industries.

Mr. Speaker, it is precisely because we have not developed our own sources of capital to invest in our natural resources that we must now face heavy obligations related to interest and dividends payable outside Canada. This is interest on capital invested here by Americans and dividends from such capital. We must face our heavy obligations. The phrase is not mine. It was used by the Minister of Finance.

We have our obligations to the United States, while they have none to Canada. I suggest to the Minister of Finance that he should give special consideration in this matter in order to consider the desirability for Canada to develop its own sources of capital and credit. It can use the Bank of Canada for this purpose, so that, in the future, we will no longer need Americans, Englishmen or Europeans to develop our country.

The second problem facing Canada is its balance of payments which will then no longer be a problem but an asset, for Canada is an exporting rather than an importing country, and a comparison between our exports and imports will prove it. When this problem of interests, dividends and profits is solved, our balance of payments will be in our favour.

Mr. Speaker, a third point—

Mr. Laniel: Mr. Speaker, may I direct a question to the hon. member? As the hon. member has shown, the social credit doctrine has not, up to now, been beneficial to him or his predecessors. Has he never considered preaching it in other countries to find out whether it would be accepted?

Mr. Grégoire: Mr. Speaker, had I known the hon. member would have asked such a stupid question, I would not have resumed my seat so as to allow him to do so.

The propagation of ideas through preaching does not always bring results. Often one is preaching in the wilderness, to deaf ears, as in the case of the hon. member who just put this question. Wheat seldom grows on stone or rocky soil.

On page 11 of his budget speech, the Minister of Finance spoke about government expenditures and, among other things, said this:

> Now that we are better able to appraise the total economic situation this year, and our part in it, the government believes it should exercise further restraint upon its own expenditures, particularly in the field of construction, during this coming fiscal year.

• (3:10 p.m.)

In the following paragraph, he adds:

> This will mean deferring a number of plans that have been under consideration, or which we have been requested to undertake by the provinces or others.

Cuts in the field of construction, cuts in the projects under consideration, cuts in the field of public works. That reminds me of the economist who suggested to cut off heads because there were not enough hats, instead of making more hats. Because our country is expanding, the minister wants to slow down that growth.

Since when has it been a wise policy to slow down progress? There is not a single businessman in Canada who would say: "My industry is growing too rapidly, I must cut sales, I must reduce production, I must turn customers down." Not a single industrialist or merchant or businessman would say that.

But, the Minister of Finance wants to curtail works; moreover, he also asks the provinces to curtail their projects. He says:

> I hope that the provincial governments, whose construction programs have apparently increased even more than ours this year, will be able to contribute to this desirable restraint upon aggregate demand by holding back until a later year some of the projects they have scheduled for this year.

[Mr. Grégoire.]

There are not enough hospitals in the province of Quebec; sick people wait two or three weeks before being admitted to the hospital, and the Minister of Finance is suggesting that the construction of hospitals be stopped. There are not enough classrooms in our schools, colleges, universities and technical schools, and the minister is suggesting that the construction of hospitals, roads, bridges, leges, be stopped. There are not enough roads. We have the asphalt, the lands, the manpower, the unemployed to build them. Is the minister suggesting that we should stop building roads? Is he suggesting also that we should stop building bridges? That is progress. And we would put a stop to that. Fortunately, I hope that the provinces will not listen to that suggestion or recommendation of the federal Minister of Finance, because it would be a disaster to put a stop to the construction of hospitals, roads, bridges, colleges, universities, in short to stop building so that the country can grow. I hope that the provinces will disregard the suggestion of the Minister of Finance.

The Minister of Finance suggests moderation, not only in the public field, but also, and I quote from the budget speech:

> It is clear that action should be taken promptly to moderate the present boom and to maintain a steady and sustainable rate of growth in our economy. We must avoid the kind of boom that will lead to a bust.

"Action should be taken promptly to moderate the present boom and to maintain a steady . . . rate of growth." Since when should a boom be moderated? When a country goes through a period where it seeks to grow the government on the contrary must help that expansion, because, by attempting to slow it down, it reduces development at the risk of stopping it.

The Minister of Finance also suggests that private expansion be cut down when he says:

> The first measure . . . . reduces the capital cost allowances that may be claimed for various classes of capital assets acquired during the period between now and October 1, 1967—about 18 months. This appears—

Take note, Mr. Speaker, these are strong words...

> —to me the period over which special inducements to postpone business capital expenditures are likely to be necessary, though of course this is a difficult matter to forecast.

These are 1930 methods. During the last depression, or economic recession, the government offered $2 for the piglets whose birth the farmers prevented.

Fifty cents were paid in New Brunswick for every apple-tree that was cut down. And the Minister of Finance says he will provide special incentives to business to defer capital investments.

I am warning the Minister of Finance that I intend to defer some business investments I expected to make next year; I shall only make them 25 years from now. Then the minister can give me those special incentives. This reminds me of the farmer who wrote the minister of finance 30 years ago and told him: You offer $2 for each piglet which is prevented from being born. Inasmuch as 3,000 piglets have not been born on my farm this year, please send me $6,000. That is the way things were being done during the depression years. Incentives were provided to stave off production, when people were starving to death. Now, the minister is coming back with the same old proposal, providing special incentives to defer business investments, to encourage people to stop producing and investing.

Mr. Speaker, it is a return to medieval, obsolete methods.

How much will the Minister of Finance pay? He did not say. Will he provide a sizeable incentive to prevent investments? Can he tell us what will be those special incentives to prevent us from investing? The minister might tell us what kind of special incentives he will provide or better still, what kind of bonus those who will cut down production or refrain from expanding industry may expect.

As things stand, Mr. Speaker, one wonders whether our Minister of Finance believes he is living in the 17th or 18th century. You know, those backward economists remind me of the farmer who was driving his ox-cart loaded with two or three cords of wood. Arriving in town, he saw a sign saying: Speed—30 mph. He said to his ox: "Let's get out of here, we cannot go that fast." Some economists are like that, Mr. Speaker, and in this century, they cannot keep up with progress.

The Acting Speaker (Mr. Rinfret): Order. I regret to interrupt the hon. member but since speeches on the budget are limited to 30 minutes, under the rules, I must advise him that his time is up.

Mr. Grégoire: Mr. Speaker, in view of the fact that I was interrupted once or twice, may I be given a minute to finish my remarks.

The Acting Speaker (Mr. Rinfret): Order. I regard, I must say to the hon. member that the chair, the deputies, and the officials of the house without mentioning the three clocks around us, have noted the time taken by the Minister of Finance while he interrupted the hon. member two or three times.

I may ask if it is the pleasure of the house to allow the hon. member to continue his remarks.

Some hon. Members: Go ahead.

An hon. Member: Let him speak of federal matters.

[*English*]

Mr. Sharp: Mr. Speaker, perhaps the hon. gentleman might at least finish his story.

Some hon. Members: Oh, oh.

[*Translation*]

The Acting Speaker (Mr. Rinfret): Order. Do I understand that the hon. members agree to allow the hon. member for Lapointe to finish his remarks?

Some hon. Members: Agreed.

Mr. Grégoire: Mr. Speaker, I shall only take two or three minutes, since the Minister of Finance wanted me to finish my story and I have done so.

All economists today are incapable of adapting themselves to progress and to the age of automation in which we live. If the Minister of Finance really wanted to be progressive, he would devise a system other than the present one and would stop offering incentives to cut down production; on the contrary, he would give special encouragement to producers.

That is why I can only blame him for offering special incentives to delay the business worlds' capital expenditures.

In conclusion, Mr. Speaker, I should like to say a word about the receipts for charitable donations which the minister mentioned in his speech when he said:

> All charitable organizations will be asked to register and to file annual returns of information. Only donations to such registered charitable organizations will be permitted as deduction from income in future years.

I should like the minister to enlighten us on this subject. All charitable organizations will be asked to register; does this mean that all priests will have to register or will the cardinal of the Montreal diocese be able to

register in the name of all the priests of Montreal? Does it mean that the Department of National Revenue will have records for every rectory? Will rectories have to obtain a special licence to hand out receipts? Will they have to hire accountants to present their annual returns of information to the government?

Mr. Speaker, the Minister of Finance should enlighten us on the subject. In any case, I wish to say that the Department of National Revenue has no business to ask vicars and curates to register with the department. Parish priests and curates should not have to submit reports to the Department of National Revenue. They cannot be ordered around like employees of the federal government; they have their own flocks to attend to.

The Minister of Finance should find a new method with regard to this question of receipts for charitable donations and he should not try to regiment and enlist parish priests and curates as he tries to do now.

Mr. Speaker, we are disappointed with this budget. There is no tax reduction; on the contrary, we find an increase in the income tax, at least taxes that were lowered last year were increased once more. There is no mention of increasing family allowances and old age pensions, or of raising tax deductions to $1,500 or $3,000, as was suggested by our colleagues of the New Democratic Party. We find their amendment is satisfactory and we are going to vote for it.

As for the Conservative amendment, it seems to us satisfactory at first sight. I did not have the opportunity to consider it thoroughly, but at first glance it seems satisfactory and, as far as we are concerned, we shall also vote for it.

• (3:20 p.m.)

[*English*]

Mr. Bert Leboe (Cariboo): First of all, Mr. Speaker, I should like to say to the minister that we sympathize with him greatly in so far as his problems are concerned. We do not agree with what he has offered but we certainly sympathize with him in so far as the problems of taxation which he faces are concerned. In his opening remarks the minister referred to the Royal Commission on Taxation. If one were to summarize what he was saying, one would say that he was presenting a stopgap Budget while waiting for more information. I do not feel this is too much out of the way.

[Mr. Grégoire.]

However, I take strong exception to the position the minister is taking regarding the boom in Canada. I do not believe that the boom about which he is talking is prevalent all over Canada. I think that the problem he and the country face is the proper distribution of goods and services. This is where I feel the real problem lies. He has said we must retard the vehicle, that we should ease up on the gas a bit because we are getting into a position where it is not physically possible for Canadians to go any farther.

I should like to remind the minister that it should be our duty in this parliament to assist the provinces to increase production and make more goods available. If there are inflationary pressures, it is not our duty to impede the provinces and put stumbling blocks in the way of provincial growth. After all, capital investment must precede production. If we are going to cut down on capital investment, then surely what we are saying in no uncertain terms is that we are going to cut down on the growth of production because without capital investment we cannot have the type of production we need.

If we believe what the minister says, then it simply means that we have too much money chasing too few goods. The provincial governments are playing a very extensive role in Canadian life. As time goes on the role played by the provincial governments is going to become larger in relation to the position of the federal government in Ottawa. History shows that this is taking place. We realize that this must be the case. The budgets of provincial governments are becoming more important, as are the budgets of the municipalities. At this stage in our political history it is a good thing we are fortunate enough to have strong, stable, provincial administrations. The confusion we have had in the federal field has convinced me that this has been one of the redeeming features of our system of government in Canada.

The minister has said that we must provide ample provincial revenues. I do not like repeating myself, but I must ask the minister why his department does not do some real research into the possibilities of a municipal bank? A municipal bank would reach down into the grass roots of our provincial needs. Everyone in this chamber knows that the needs of municipalities are greater than the needs of any other level of government in Canada today. The minister himself mentioned the initial responsibilities of

municipalities such as education, sewers, water and so on. These responsibilities of the municipalities could be taken care of by a municipal bank that would operate as a child of the Bank of Canada.

As I have said before, we could rent facilities from the chartered banks in order to make sure we would get the type of credit that is needed into the hands of the municipalities at cost. The first point in the minister's speech related to provincial revenues. The second point he mentioned was equalization payments. Here again, a municipal bank would assist in eliminating much of the stress on equalization payments because the need could be governed at the very root of the problem, the financing of services generally. I am sure this is where a start should be made and could be made.

The third point the minister mentioned was conditional grants. Here again, the case for such a bank would be very much in the forefront. Conditional grants would be tied in with equalization payments and provincial revenues. This would mean that our whole provincial policy would be much more flexible.

• (3:30 p.m.)

I come now, Mr. Speaker, to what I think is a very important point in the minister's speech. I refer to the International Monetary Fund. I hope I misunderstood the minister in this regard but in reading his Budget speech it seems to me he is stating we must have machinery on a world level to enable the International Monetary Fund to create money. I feel this would be a dangerous precedent. It would mean we would be doing away with a certain amount of our sovereignty. In the final analysis I think it would do away with the country known as Canada, as well as many other countries. I cannot help but sound a warning in connection with the matter of the International Monetary Fund and the minister's reference to its ability to create money. In that connection I should like to read from a little booklet called "Money Facts" put out by the 88th Congress of the United States. It was the report of the subcommittee on domestic finance, of the Committee on Banking and Currency in the United States.

The question here asked is, "Where does the federal reserve get the money with which to create bank reserves?" The answer is:

> It doesn't "get" the money, it creates it. When the federal reserve writes a check, it is creating money. This can result in an increase in bank reserves—a demand deposit—or in cash; if the customer prefers cash, he can demand federal reserve notes, and the federal reserve will have the treasury department print them. The federal reserve is a total moneymaking machine. It can issue money or checks. And it never has a problem of making its checks good because it can obtain the $5 and $10 bills necessary to cover its check simply by asking the treasury department's bureau of engraving to print them.

This is the report of the subcommittee on finance in the United States, issued one year ago last September.

If we are going to find ourselves in a position where the International Monetary Fund is going to be given the right and the privilege to create money, we can, in my view, say that we are surrendering our sovereignty in a way that would not be contemplated by even the most foolish people. I believe that we should take a very close look at this situation. I am not saying that we should not help anybody, that we should not make a fund available to do any good that it is necessary to do in the world. I am not saying that we should not help starving people, or that we should not help in the development of underdeveloped countries. But surely, Mr. Speaker, we should never be put in the position of creating money for other countries that can create money for their own uses. This would be monstrous. This would be similar to the problem raised by the C.B.C. program, where a wild plant grew up and gobbled up everybody that came near it. We have to be sure that this International Monetary Fund is backed by a 100 per cent reserve basis.

Mr. Speaker, I was happy to note that the minister has captured in his speech another Social Credit phrase. He has captured the fourth point in the Social Credit program: that that which is physically possible can and must be made financially possible. I noticed that twice in his speech he mentioned our physical capabilities, in reference to production.

I say to the minister that it is nice to see him moving along the path, as did his predecessor, when his predecessor admitted that the federal government is actually practising, to a degree, the Social Credit monetary reform policy. I hope that this may be extended, Mr. Speaker. I believe it was raised on August 7, 1964, originally, but I regret that I forget the page number in *Hansard*.

As you see, Mr. Speaker, we are making progress, even though there are only five of us here, from this party. We each have our

own job, and perhaps that is the nicest way to have it.

If I understand the minister's speech, it is that we must increase our productivity. Yet he is telling us that we must tax the businesses of the country so that they will not have so much money to spend. I should like to know how we are going to increase our productivity without spending money, when capital account is to come before production? It seems to me that in this we are slipping backwards. I do not know the real thinking of the minister, but I suppose that before the debate is over some of his colleagues will have enlightened us on some of his thinking.

One remark the minister made in his statement struck me as being very much to the point under discussion. He mentioned the subject of borrowing for social services. I think nothing can be more destructive to any country or to any province than borrowing money for social services.

Another statement that interested me very much I should like to quote. It appears on page 3379 of *Hansard* for March 29, 1966:

> But in the longer run, with the whole world hungry for capital, we cannot assume that it will always be feasible for Canada to import such large amounts of capital as we have in the past.

This brings me to the point I wish to discuss. Why is the whole world hungry for capital? The whole world has its own resources. We have the means of creating money. I read into the record how the United States creates money. I need not tell the Minister of Finance how the banks create money, or how the Bank of Canada creates money, because he knows this. Why in the world should we allow foreign countries with their own banking systems to monetize our assets so that they can collect interest and dividends from their investments, when we have the capability of creating our own money here in Canada. I cannot see the common sense of letting foreign institutions create money on our assets.

By way of illustration, on a blackboard I used to draw a stump, then I would draw a factory, and people, and I would explain what this meant. When people watching asked me what this was all about, I said, "The people in the drawing are the people of Canada. These are the resources to which they apply their labour, in order to build a factory." Then when I was asked what the stump was for, I said, "That is for the foreign investor to sit on. When we finish working on our own resources, and build a factory, he owns it." That is just about how inept we are in the handling of our finances.

I see no reason why foreign money making institutions should make the money that we can make, on our own assets. Foreign institutions are not going to raise money unless they have something with which to back it. In a little time I shall go back to the minister's statement with respect to that.

Another thing about the minister's attitude that puzzles me is his suggestion that we can have consumers without having money in the hands of the people. I do not follow this line of thinking. It seems to me that we cannot have domestic markets unless we have people who have money to buy the goods on that market. In this connection I should like him to take a look at the possibilities that exist with relation to the tight money policy, and with relation to the finance corporations in this country. I am sure that the minister could go to any bank in this country and find out that a tight money policy exists, and that as a result we cannot borrow money, no matter how well situated he is.

However, finance corporations, when they know that tight money is coming in, go to the chartered banks to raise their line of credit as high as possible. Then, when tight money is brought in they will be able to get the credit from the banks that you and I ought to have.

You can go to the bank today and not get a dime. Then you can go down to a finance company and get money on which they will charge 24 per cent interest. The finance company has obtained the money because of the line of credit it has from the bank. You and I should have had that money in the first place. That is exactly the situation.

• (3:40 p.m.)

I should like to deal with the tight money policy as it relates to exports and imports. It seems to me that a blanket tight money policy is going to hurt the primary producers of this country before it hurts anybody else. These are the people who are generally at the top of their lines of credit at all times. If any restrictions are imposed they have no room to move. Who are the greatest exporters in this country? The primary producers. The minister is crying for exports, yet he slaps a blanket tight money policy across the country, affecting our primary producers most. This is one more of the contradictions we find in the present budget.

I said I would have something more to say about interest and dividends being paid outside Canada. I appreciate the minister's statement in this regard because it emphasizes one thing which has been denied in some circles, namely that the public debt of Canada is owned by Canadians. The minister has told us that one of the problems here is the heavy obligation with respect to interest on dividends payable outside Canada. But he also went to great lengths to explain that the provinces, municipalities and government agencies should have the right to go to foreign markets to borrow money. I fail to see why they should do this when they are all going to use our assets in Canada to back these new funds which are being created.

I turn now to the situation produced by the government's decision to restrict parts of its construction program. I notice that first on the list of projects to be eliminated is the provision of grain storage facilities at Prince Rupert, British Columbia. I am sure that if the hon. member for Skeena (Mr. Howard) had spoken before me, one of the first things he would have mentioned would have been the decision taken with regard to these facilities. The minister talks about wanting to increase our exports. We are all aware of the bottleneck which slows down our efforts to get wheat out of Canada. Now he says we are not to build new terminals in Prince Rupert. The other day I read in the paper the number of box cars filled with grain which are scattered all the way from Golden to the coast, waiting to be unloaded—some 1300, held up because there are no facilities at the coast for handling them. Yet first on the list of projects to be eliminated are these facilities at Prince Rupert.

I hope that when he gives consideration to this matter the minister will not forget that an airport terminal at Prince George is very sorely needed. Maybe he could fly up to Prince George on a Sunday and see whether he can find a place to set his suitcase down there. I am sure he would be happy to recommend the expenditure of some money by the Department of Transport to make sure that the facilities are improved as quickly as possible.

The minister has admitted there are pockets of unemployment in this country. Surely we must devise some way of applying a tight money policy only in areas where there are inflationary tendencies while making sure that credit is available where it is needed. Some hon. members have spoken about the causeway over to Prince Edward Island. I have been in this house for nine years and during that time all I have heard has been speeches about the poverty of the maritimes. This being the situation, why in the world should we postpone the construction of such a causeway?

We hear a lot about equalization payments to the poorer provinces. This was mentioned in the budget speech. The province from which I come is one of the richer provinces. It is a matter of development and of looking after natural resources. All the provinces have this ability, provided they use the right policies.

I was a little surprised that the minister should have advocated more borrowing in the course of his speech. This vexes me. It seems wrong to me that we in this country should continually be borrowing money from outside and using our own assets to back up these loans. The minister says:

> There should on the other hand be some saving to provinces and municipalities in what it is necessary to pay in interest to foreign lenders. I hope it will enable some borrowing to be done in Europe, despite the high cost of borrowing there.

When we have our own facilities in Canada, why in the world should we have to pay through the nose in order to borrow in Europe? It does not make sense to me.

I sympathize with the minister in his efforts to meet the situation caused by too many people spending too much money. In this connection I would remind the hon. gentleman to look again at the activities of the finance corporations which spend huge sums advertising for persons to enter their doors and get money. Once these people receive it it is a different story—24 per cent interest on the amount borrowed.

The minister tells us we are faced with a lack of skilled labour. This affects one area in which the provinces have no jurisdiction —control over immigration. If the minister really believes that more skilled labour is needed, let him get his colleagues together and make sure Canada receives the type of immigrants capable of filling these vacant positions, so that we can build up production, provide more goods and avoid too much money chasing too few things.

I agree with the minister in his attitude toward the protection, if one can call it that, of those in the lower income brackets as far as income tax changes are concerned. I think this is good. It is good that the minister has seen the light and promised to change the

sales tax situation. I hope he goes all the way and removes this tax on production entirely.

I have described this budget as a stopgap budget and I am sure the people of Canada agree. But it is a budget which contains many contradictions. On one hand the minister tells us to spend. In the next breath, he says: Don't spend. He calls for exports, yet he restricts credit to the primary producers who do most of the exporting. He tells us to save, yet he reduces the reasons for saving.

In conclusion, I would say this: While pension plans of various kinds are excellent, the minister must recognize that these developments in our society create a psychological effect in the minds of the individuals concerned. If they are to be taken care of in their senior years they will not worry about spending too much money today.

• (3:50 p.m.)

Hon. Walter L. Gordon (Davenport): As this is the first time I have spoken during the present session I should like to begin by congratulating Your Honour, and the Deputy Speaker, on your new and important posts. I would also like to congratulate all hon. members on their choice of a Speaker for this house. In the way he has directed our proceedings, especially during some regrettably stormy periods, the Speaker has given clear evidence that our choice was an exceedingly happy one. We respect his decisiveness and quick firmness, and we appreciate his good humour and his pleasant smile when he delivers his rulings. I am sure all hon. members will agree when I say we are grateful to the Speaker for what he has done, and will do for us, but more importantly for what he is doing for the institution of parliament.

Some hon. members know that when I resigned from the government I resolved to make no speeches in or out of the house for a period of six months. I still have about a month to go but I am breaking my self-imposed vow of silence today, and only for today, in order to congratulate the Minister of Finance (Mr. Sharp) on his appointment as my successor, and to compliment him on his budget.

It seems to me the debate has opened on a rather high note and I congratulate the previous speakers, particularly the hon. member for Perth (Mr. Monteith) and the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron), both of whom made excellent speeches this morning from somewhat different points of view. My mischievous friend, the mellowing firebrand from Vancouver Island, has a caustic wit that is always refreshing, and sometimes he says some intelligent things that are worth listening to. But I had a little trouble following him this morning when he referred to my panache, which my particular dictionary refers to as a plume of feathers, especially a headdress. If by inference he was inviting me to join his particular band of fighting Indians, I shall think the matter over carefully, but I seem to remember that when I was a minister I felt that he and his band of Indians would have preferred to have eaten me if they had not thought I was too old and tough.

[Mr. Leboe.]

Mr. Speaker, the present minister for several years was a senior member of the staff of the Department of Finance and it must have given him great pleasure to return to head his old department. The job has its difficulties, at times, but also its satisfactions, and I am sure he will find the work is fascinating.

The minister has an excellent staff to help him. The deputy minister is the dean of the Canadian civil service. He is a wise and imaginative man who has served successive governments with loyalty, integrity, and complete discretion. Mr. Bryce is surrounded by a well-knit team of keen and able people who are competent to grapple with extremely complex issues, and I wish all of them, and their minister, the very best of luck.

It must have given the minister some feeling of relief, as well as of pleasure, to have presented his first budget. As one who has had some experience with a first budget I wish to say to him that if he is satisfied that his proposals are sensible in the light of present conditions he should not become overly disturbed if he receives a few criticisms.

After all, his critics, and he is bound to have a few, may not have the same facilities as are available to the Minister of Finance to assess the current situation, which puts them at something of a disadvantage. And I doubt if very many of them would have given as much concentrated thought over the last three or four months to the kind of policies that are called for in present circumstances, as did the minister.

I do not wish to suggest that the minister's critics will necessarily be all wrong, or that the minister will necessarily be all right in all of his points of view. There are no absolutes in this business.

Mr. Bigg: Are you still remembering your first budget?

Mr. Gordon: There is that old voice again. It sounds like the cracked record I remember so well. I can only suggest that one of these days somebody should buy him a new one.

We shall have a better idea a year or so from now about the present budget, because it is really only in retrospect that one can properly assess the wisdom of any particular budget. In the meantime I wish the minister every success and a calm, quiet, but interesting life.

Before discussing some of the matters dealt with in the budget I should like to remark how very fortunate we are in Canada, at the present time at least, compared with people in other countries. It is now five years since the current upswing began. Unemployment is down, on a seasonally adjusted basis, to about 3½ per cent of the working force. It is still higher than this in the Atlantic region and in the eastern part of Quebec, but in some parts of Canada there is virtually no unemployment. This a matter for great rejoicing.

Most people are busy, and most people are prospering. It is quite true the cost of living has risen, but compared with the experience in other countries prices in Canada over the last few years have been relatively stable. Certainly the standard of living of most Canadians has increased at a much faster rate than the cost of living.

Consumer prices increased sharply after world war II and again after the Korean war. Since then, that is in the following 14 years, consumer prices increased by about 1½ per cent per annum, and I suggest that this record should be examined in the light of two factors in particular. The first is that the price indices do not reflect accurately or completely all the changes in quality and service that are now included in the things we buy. There has been a real increase in the cost of living over the past 14 years, but it has been less than the indices purport to show.

The second factor to remember is that prices have gone up much faster in every other country, with the exception of the United States, than they have in Canada. Our economy, as we know, is one of the most open in the world. We import a substantial proportion of our needs, and so it follows that some of the effects of price increases in other countries are bound to be reflected in the cost of the goods we import. I suggest that when these factors are taken into account we can claim that our record over the past 14 years has been a good one, relatively speaking.

• (4:00 p.m.)

Last year, that is in 1965, the consumer price index went up by 2.4 per cent. This is higher than normal. This increase was due partly to increases in food prices caused by drought conditions at the beginning of the year and partly due to shortages of meat products in the United States which pushed prices up. It also was due in part to increases in automobile and health insurance premiums; this contributed to the over-all increase in the indices in 1965. But what is of concern now is the rate at which some prices are increasing at the present time. This especially is true in the construction industry and in some sections of the manufacturing industry where the demand has been exceeding the available supply.

The minister has proposed a series of measures which are designed to restrain moderately the present rate of capital spending, especially in the private sector. He has proposed a form of forced savings for corporations, through a special tax of 5 per cent, on adjusted net profits, which is to be refunded with interest some time during a period of 18 to 36 months after the time of payment. I believe this is a novel and interesting idea.

I was somewhat amused that both the hon. member for Perth (Mr. Monteith) and the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) criticized this policy, the one because it is a new idea and therefore suspect, and the other because it is not exactly the same as the measures followed in Sweden. Hence it does not quite fit the views of all good socialists who, after all, venerate Sweden almost with idolatry at times, despite the fact that both the character of that country and the nature of its economy are quite different from that of Canada.

The minister also has proposed fairly stiff reductions in the rates of capital cost allowances. The previous rates were designed to amortize the cost of capital assets over their useful lives and at the same time provide what in effect was a subsidy to businesses in financing their capital expansion programs. Under present conditions, especially if we think these conditions are likely to continue for some time, it is reasonable to withdraw or reduce the subsidy element in the existing capital cost allowance rates for many companies.

There are, however, three points which the minister may wish to consider and possibly enlarge upon at the appropriate time. The first is that most large companies are in a position to raise money for expansion purposes in the capital markets when this seems necessary or desirable. Canadian subsidiaries of foreign concerns normally can look to their foreign parents for capital when they need it, although this may be a little less easy for some of them to do under the United States guide lines policy. Neither of these courses is available to small or medium sized Canadian owned businesses. The inherent disadvantage, under which the moderate sized and small Canadian owned companies operate vis-à-vis their much larger competitors, or vis-à-vis Canadian subsidiaries of foreign concerns might, I suggest, be taken into account and compensated for when the new regulations are being drafted. At the same time consideration might be given to the position of the independent automobile parts manufacturers who must expand their facilities under the United States-Canada automobile agreement, if they are to stay in business.

My third point under this heading is to point out to hon. members that the minister reminded us and the public that the special rates of capital cost allowances, for manufacturing companies with a degree of Canadian ownership, which have been in effect for the last three years are due to expire at the end of this year or April 1967, as the case may be. It might be helpful, I think, if the minister were to state that when the present threat of inflation is over and the old rates of capital cost allowances are restored, the principle of granting a subsidy to assist the financing of new capital expansion—because that is what a rate of capital cost allowance in excess of the so-called engineering life of a piece of equipment essentially is—will be continued for Canadian companies and companies with a degree of Canadian ownership. This would be consistent with government policy expressed yesterday in the guide lines for Canadian subsidiaries announced by the Minister of Trade and Commerce (Mr. Winters). I should like to take this opportunity to congratulate the Minister of Trade and Commerce and the government on yesterday's announcement; I thought it was an excellent announcement as I am sure all hon. members will agree. At the same time I would urge the government to take whatever steps are necessary to see that these guide lines are realized in practice. Exhortations and guide lines are fine, but they need to be enforced.

To revert back to the budget, in so far as the public sector is concerned the 10 per cent deferment or stretch-out of capital expenditures by the federal government is a logical move in present circumstances. We know however that capital expenditures by provincial and municipal governments at the present time are much higher than those contemplated by the federal authorities. It will be important therefore to urge provincial and municipal governments to adopt a similar policy of deferring or stretching out their capital expenditure programs, except in those regions of the country where there is still an appreciable amount of unemployment.

I believe the minister should be commended for his efforts to restrain inflation. He is in a position to reverse these measures quickly when and if it should appear that the present business up-swing may be coming to a close. On the other hand, if the present measures should prove to be inadequate, I am sure he will not hesitate to bring in additional proposals to supplement those outlined in the present budget.

I am sure all hon. members will be particularly pleased that the minister has found it possible to grant an immediate exemption from sales tax for production tools, jigs, dies, and so on, and to eliminate over a two year period the sales tax on production machinery and equipment. I have said often that I agreed with hon. members opposite that this was not a good tax, and it is one which I am delighted to see the end of.

Mr. Pugh: Hear, hear.

Mr. Gordon: I had a feeling that if you would keep quiet for a little bit you would have a chance to cheer.

I also wish to congratulate the minister on his decision not to impose the 15 per cent withholding tax on interest payments to non residents on new government bond issues after April 15. This will reduce the cost of borrowing in New York and is to be welcomed for that reason.

I have been watching the clock a bit, and there is not time for me today to comment on all of the other budget proposals, but I shall look forward to further participation later and in more detail when the various budget bills are brought forward. However, at this point, I would like to digress for a few minutes on another slightly different topic.

• (4:10 p.m.)

It seems to me that some times Canadians become too preoccupied with their particular problems, and I should just like to mention four of them. Only a few years ago we were worried about the state of our national finances. That problem was tackled in a forthright fashion and has now been satisfactorily resolved.

At the moment a lot of people are worried about inflation, and some people are getting almost panicky about it. Certainly this is not a danger that can ever be ignored, but the minister has presented policies for dealing with it. If they are not successful we can assume, as I have said, that other supplementary measures will be promulgated. In other words, when something needs to be done, we should be prepared to act, not just sit around wringing our hands and crying about it. The minister has shown that he is quite capable of acting.

I should now like to mention another problem about which Canadians are concerned. For 100 years or more we have been worrying about the difficulty of holding our country together. In the last few years these worries have been increased. I believe we are getting closer to an appreciation of the changes in relationships that are needed to meet the changing conditions and the changing viewpoints of our times. I suggest that it is vitally important that French and English speaking Canadians try to understand each other better, be more appreciative and sympathetic of each other's gifts and aspirations and less critical of each other's shortcomings.

We should and must all work to reduce tensions, not exacerbate them. If we do, and if we approach this fundamental problem reasonably and with a determination to be fair, I believe we shall be successful and that Canada will not only hold together but will become much stronger in the process. Every hon. member of this house has a direct and personal responsibility in this matter. It is up to us, every one of us, to do everything within our power to promote unity and understanding. It is up to us—every one of us—not to do anything or say anything that would have the opposite effect.

We are still worried, and properly so I think, about the annual deficits on current account in our balance of payments. These deficits were reduced substantially in 1963 and 1964, but increased last year to about $1,100 million. If nothing were done the deficit on current account this year would be considerably higher. This is a problem that we should face up to, and if we do so it also can be resolved.

One of our difficulties in this country is that so much of our industry is controlled abroad. We have gained a great deal in the past from foreign investment and the scientific, technological and managerial know-how that has come with it, and in many cases, the assurance of markets. This has helped to develop our economy faster than otherwise would have been possible.

But the trend to absentee control of Canadian resources and Canadian businesses has gone too far. This is related to our balance of payments difficulties, as the recent United States guide lines have made perfectly clear to everyone. I believe that we must take positive steps to reverse the trend toward ever increasing foreign control over the Canadian economy. I have views about how this could be accomplished, but this is not the time to put them forward. Apart from anything else, I have just finished writing a book, as some hon. members may know, and I do not want to scoop myself today.

Mr. Douglas: Let's have no commercials.

Mr. Gordon: All I wish to say about this subject now is that, while it is a problem—and I believe a serious problem—we can resolve it if, having understood its implications, we tackle it head on.

Mr. Sharp: Mr. Speaker, may I be permitted to ask the hon. gentleman a question? Who is publishing his book and at what price will it be sold?

Some hon. Members: Oh, oh.

Mr. Bell (Saint John-Albert): May I also ask whether it is fiction or history?

Mr. Gordon: Perhaps I may answer one question at a time. I can assure the hon. minister that he will receive an advance copy, free of charge.

Mr. Vincent: What about other members of parliament?

Mr. Gordon: That depends on which side of the house they are located, but I will be glad to send you a copy.

Mr. Diefenbaker: This is going to be a one-sided presentation.

Mr. Gordon: Mr. Speaker, it never occurred to me that the right hon. Leader of the

Official Opposition (Mr. Diefenbaker) would show or express interest in anything that I might put forward, but I certainly shall send him a free copy of my book.

Mr. Diefenbaker: I do not want to interrupt the hon. gentleman, but I should like to say I have read everything he has ever produced and I will be looking forward to his new book. I read both for profit and for amusement.

Mr. Gordon: On this occasion, Mr. Speaker, I think he will gain some profit from it.

I have been talking about some of our problems, and I suggest that Canadians should examine their problems in perspective. If they do, they will not seem too stupendous. We should remind ourselves that the total net output of the Canadian economy, after eliminating price changes, has more than doubled in the 20 years since the war. Following the period of post-war readjustment, that is to say, since 1949, the net output per capita in real terms, after eliminating price changes, has gone up by an impressive 40 per cent. The average income of Canadians has been increasing rapidly and our standard of living is improving all the time.

The potential of this country is simply enormous, which means that if we manage our affairs with reasonable skill, which I am happy to say I believe we are doing, our standard of living should continue to improve at a rapid rate. We are, or we should be, the envy of the people of every other country in the world, and I even include the people of the United States when I say that.

It was my privilege about ten years ago to preside over a royal commission that made some educated guesses or forecasts about the future prospects of our country. Many people at the time thought our conclusions were wildly optimistic. They became convinced of this shortly afterwards when there was a recession and the pace of Canada's development was slowed. However, now, after four years of rapid growth, I believe the royal commission was too cautious in its forecasts.

• (4:20 p.m.)

Mr. Speaker: Order, please. I regret to interrupt the hon. member, but his time has expired.

Some hon. Members: Go ahead.

Mr. Gordon: I am grateful to hon. members, Mr. Speaker, and I shall not delay them for more than a minute or two.

[Mr. Gordon.]

The prospects for this country are tremendous. We must not set our sights too low. I think it is perfectly all right to plan for the short term with reasonable caution, provided we are prepared to revise our estimates upward as we go along and provided we keep our minds and policies flexible and are prepared to change them as conditions change. It is in this spirit that I would urge all hon. members to support the budget that was presented to the house last Tuesday.

One day—and I hope it will be many, many years from now—Chief Justice Ilsley, Mr. Justice Abbott, Walter Harris, Donald Fleming and I, if we are still extant, will welcome the minister to the select circle of ex-Ministers of Finance. In the meantime, I wish him good health, pleasure in his work and every success in his endeavours.

Some hon. Members: Hear, hear.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my first words will not be addressed to the present Minister of Finance (Mr. Sharp) but to the ex-minister of finance. As I listened to his speech today I felt that I was hearing the swansong of a man who has ambitions for quieter and higher things. I could not help but be impressed by his tendency to try and point out to Canadians some of the objectives we should have. I believe the house will join with me in saying to the hon. member that in his resignation last November he created a niche for himself in the history of this country because, regardless of the reasons for his resignation, we felt that here was a man of principle making a decision on the basis of his own ethics.

Some hon. Members: Hear, hear.

Mr. Hamilton: I want to be honest and say that I never disapproved of the hon. member's purposes and objectives in finance policy, but I honestly believed, and still do, that his techniques and methods were those of the previous century.

My comments on the present Minister of Finance will be slightly different. As I read and re-read the budget speech of last Tuesday my thought went to a motion picture called "The Senator was Indiscreet". In this motion picture a senator, who wanted to be a candidate for his party in the presidential race, realized that he had to put forward policies that were pleasant to all groups in the forthcoming convention, so he put forward his slogan as being against inflation, against deflation, and for flation. This was my

impression of the budget. In effect, the minister's proposals seemed to be lacking in that desire to take the firm action which was a characteristic, rightly or wrongly, of the previous minister of finance.

I recall, too, that in speaking in the budget debate last year I had some fun—at least it was amusing to me—in saying that the then minister of finance was riding high and the future minister of finance was downgraded. I recall vividly how the then minister of finance went over, put his arm around the then minister of trade and commerce and showed that fellowship which can only be achieved in the House of Commons. Continuing the next day, I think it was, the then minister of trade and commerce spoke in the debate and said he would stand or fall with his colleague the minister of finance.

Well, Mr. Speaker, last Tuesday night at least he was standing in the same place and I cannot help but comment on the little by-play that we saw at that time. If the previous minister of finance was following nationalistic policies that are 60 years out of date, I think it can be said of the present Minister of Finance that he is only 25 years out of date. If, for instance, he thinks the idea of enforced savings—a policy we used during the war—can be implemented in peacetime, I say it is of some doubtful validity. I shall deal with that subject later.

Last year the minister supported his predecessor's proposals. Last year the minister and his predecessor ignored the clear and present warnings which we on this side of the house gave about inflation. Last year the Minister of Finance indicated that he would stand or fall with his colleague. This year I think one can say he has done nothing in particular, and has done it very well.

I was moved during the budget debate last year, which has been referred to as the election budget, to observe that the then minister of finance was sincere. I still hold that view, and I believe that the present Minister of Finance is equally sincere. It is just that there is something lacking in the sense of taking dynamic action. I know that the minister's failure will come as a disappointment to one member of this house, a Liberal member whom I shall not mention by name. This man is loyal to his colleagues; he is a man who believed that the last election was necessary and wrote to his supporters with a forthrightness which one can only admire. I should like the minister to hear what this loyal, dedicated Liberal wrote to his supporters in a letter dated September 13 last:

> To my friends . . .:
>
> An election has been called for November 8th. I am pleased that the Prime Minister has decided to hold one.
>
> Canada faces some critical and difficult problems in the next year and I believe that it must have a government with a clear mandate and a working majority to deal with them. The present minority government has achieved much in two and one half years. The country is very prosperous. Many people, including some editorial writers, generally believe that we should have carried on, but I have lived and worked in this parliament and I believe that an election now is in the interests of this country.
>
> It is vital that Canada have a government that can act in the general interest of the country as a whole with the confidence that it won't be defeated tomorrow on some unimportant issue or by accident.
>
> I am particularly concerned about the tough, hard decisions which must be taken to preserve national unity and ensure steady economic progress. These decisions must be taken without more delay or Canada will suffer. To be specific:—
>
> • (4:30 p.m.)
>
> The government at Ottawa needs a working majority to deal effectively with the provinces—all of which, like Ontario and Quebec, have majority governments. Continuing and difficult negotiations will have to be carried on with the provinces in the years ahead. No government can defend the national interest on the vital problems facing confederation—and on which decisions are being made now—unless it has a clear mandate from all parts of the country.
>
> There is an urgent need to reform our tax structure. Canada's railway system badly needs modernization. Our banking laws are urgently in need of improvement. Decisions in these fields require firm, confident handling, backed by a mandate from the people and a solid backing in the House of Commons.
>
> None of these matters can be put off. We must face them now. If we don't Canada will suffer.
>
> I will again be presenting myself to the Liberal nominating convention as your candidate. I have deeply appreciated your support in the past and I ask for your help in the days ahead.

Then, the signature follows. This letter was not written by the ex-minister of finance. This letter was written by a Liberal, appealing for nomination, who would tackle these hard problems with bold decision and in dynamic fashion.

The tragedy of this budget, Mr. Speaker, is that the minister has not faced up to the fundamental decision which confronts Canada, and that is how to utilize the human and material resources of Canada so that the economy can operate closer to its essential capacity. The minister's policy would leave these human and material resources for ever and ever untapped at a time when consumer demand is there.

The minister is like King Canute; he has ordained that consumer demand should stand

still and wait for two or three years, instead of courageously attacking the problem industry by industry, region by region. The minister allowed himself to be seduced by a false god, the cult of the gross national product. This doctrine, which is resurrected from time to time, is like the old fashioned mother who, when one of the children is sick, gives everybody in the family castor oil. The quarrel which one must have with the minister is that he has accepted from his advisers the blunderbuss which the Department of Finance steadily loads and hands to the minister whenever there might be what is described as a financial hunting season. Only this time, I wish that some friendly person had printed the words "cow" or "horse" on some of the animals that were shot by mistake.

There were three inflationary pressures in 1965, all of which I tried to outline carefully in my speech during the budget debate last year. It was obvious the money supply had been expanded too rapidly. Now, of course, the inevitable over-correction has followed. It was obvious last year that the plan envisaged was inadequate for certain key industries. It was also obvious that skilled manpower was in short supply in several of our large metropolitan areas. The so-called election budget of 1965 was not directed at any of these problems. As we raised the income tax the other evening, the minister remarked that the 1965 cuts had served their purpose. His budget proposals fell on industries where there is under-capacity, and fell on industries where there is over-capacity, in a blind disregard of existing economic factors in those industries.

It is obvious, for example, that the capacity of the iron and steel industry in this country must be increased. It is obvious that we must expand our capacity in petrochemicals, particularly fertilizers. It is obvious from measures already taken by this government, even before this budget, that something has to be done about the construction industry. It is suffering from under-capacity if it is to meet the demands placed on it by the economy. The minister's proposal, to dampen—that is using his word—the expansion of this industry is merely ensuring a continuing build-up of inflationary pressures for the next year or so. The minister has reduced the demand on the construction industry, quite correctly I believe, but he has failed to outline positive policies to increase the supply of skilled manpower which this industry requires.

[Mr. Hamilton.]

On this occasion, Mr. Speaker, I want to make three points about the budget for 1966. First, the minister has rejected the concept of a regionally balanced economic development. The Second Annual Review of the Economic Council places great emphasis on the "relative disparity at average levels of income, as they presently exist, among these regions". This report argues that to get full national output "there must be the fullest and most efficient use of human and material resources available in the regions".

Then, too, the minister has rejected the principle of selectivity in industries. During the period of Mr. Howe we had the rise of the aggregate theory. In essence, it was that if the gross national product had risen, everything was all right in the country, and in every part. This was particularly noticeable to us in the tight money period before 1957. There was a rapid expansion in the industrial area; but the tight money policies were applied to every segment of the economy. No wonder those on fixed incomes, the farmers, the fishermen, rejected that philosophy in the elections of 1957 and 1958. Now, the minister is repeating that same mistake, the castor oil treatment.

With the exception of this new forced loan proposal, the minister has rejected new approaches to meet the economic needs of Canada at this particular moment in our development. Before I suggest any new policies to meet this present need, I should like to discuss two points. These two points are regional and selective policies. According to the Economic Council, and I am referring to page 9 of the Second Annual Review, the total economy is still not working at full capacity. If I may quote just the figures for 1965, the actual output of Canada as a percentage of potential was put at 97 per cent in 1965. Six times in the last 20 years Canada has reached 100 per cent or better, and yet we have this castor oil treatment all across the country when we have not even reached our full potential of material and human resources.

• (4:40 p.m.)

However, this percentage, though it is a national one, does not tell the real story or the whole story. There are regions in Canada with tremendous amounts of unused capacity and with tremendous amounts of unused human resources. These are mentioned and may be examined in the 40-odd pages of the Second Annual Review, in Chapter 5.

My conception of one Canada is where each segment of the economy and each area of Canada can have reasonable opportunity to share in the growth of the nation. At present, in certain areas and in certain industries there are inflationary pressures. I warned the government of these pressures last year, but my warnings were ignored. The government last year introduced a general expansionist budget that had no regard for region or industry. The heating up of the economy in 1965 in certain areas has become alarming. The rise in prices to those who have low or marginal incomes is a disaster.

During the last year the Bank of Canada reacted to the inflationary situation by imposing tighter money restrictions. The government at that time put some slight restrictions on some construction. This budget, however, adds several dampers to the economy. In some sections of the country and in some segments of the economy this is helpful. In other areas where we should be encouraging expansion to fully mobilize the nation's resources, it will not be helpful. Checks in these areas have also been imposed.

Let me illustrate some examples. Last year I warned of the danger of lack of plant capacity in the steel complex, in the petrochemical industry and in the pulp and paper industry. During the last year tremendous efforts by private enterprise have been made in the industries to get that extra capacity. I think that today, the first of April, 1966, we can say that the pulp and paper industry has gone over the hump. But there still remains a weakness in the petrochemical industry with respect to fertilizers, despite tremendous efforts this past year to create new plant capacity.

When the world needs our food producing capacity, Mr. Speaker, we are held back by lack of fertilizers. It causes Canadians no joy to know that we may have to import butter; that by 1969 we may have to import beef; to know that perhaps we may not be able to get all our wheat and cheese out to markets. This is a matter of great national loss, and not just a loss to the farming industry. Yet, under the present restrictions, it is going to be hard to get money for the expansion of port facilities, and for the increase of fertilizer production.

Steel, Mr. Speaker, is the heart of our industrial growth. Not many Canadians know how this industry has expanded in the last ten years or so. I do not want to quote the whole table, but I can quote some figures, particularly from 1954. Our production of steel in Canada has risen from 3 million tons in 1954 to 10 million tons in 1965. That can only be described as fantastic growth.

As we increased our production, with the help of a devalued dollar, our imports of steel began to decline from the high point of 2.9 million tons to 1 million tons. Likewise, as we increased our production, our exports began to climb, from 73,000 tons, to 1½ million tons. When one thinks of going from 73,000 tons to 1½ million tons in the period between 1954 and 1964, he can see the tremendous effort undertaken by the industry to compete.

Look at what has happened in the last two or three years. Our production is still rising, and the steel plants are increasing their capacity, but our imports have also begun to rise again. They had reached a high figure of 2.9 million tons, and had gone down to a low of 1 million tons. In the last three years they have climbed from 1 million to 3 million tons. Also, our exports which were climbing, stopped in 1965, and have dropped from 1½ million tons approximately to 1 million tons.

I know a little about the problems of the industry. All I can say is that these figures indicate to me that there are pressures of an inflationary sort. With the dampening effect of the new budget there will be no encouragement to the industry to expand. The result will be that this will cause higher prices in future, because it is well known that the production of the steel complex is basic to the whole pricing system.

The construction industry is a special case, and I shall not have time to deal with it unless I go a little faster. What has happened, Mr. Speaker, indicates to me that the minister is making the same mistake that previous ministers have made, namely the application of tight money, and also the placing of restrictions on all industries and on all areas, regardless of the need to do so. This is the castor oil type of program that defeated the government of 1957, and that may well bring the present government down to defeat.

I should like to conclude with mentioning some new policies which may be helpful. First, I ask why does the government not use the restrictive items of the budget on a selective basis, industry by industry, and region by region? For example, if it is agreed that the steel industry needs more expansion, why not exempt that industry from forced loans, new capital cost allowances permit cost allowances, etc., in order to stimulate it? Also, if it is agreed that we need more fertilizer plants, why not exempt that type of

industry until the necessary changes are made, or until the necessary expansion has taken place. If it is agreed that we urgently need more facilities at our ports in order to export our wheat, our potash, coal, paper, copper as well as other manufactured products, why not exempt the expansion of those facilities until the proper point is reached? It is agreed that in any region or subregion there are unused material resources, or unused manpower resources, why not exempt expansion in those areas? Those are just some of the examples of what I call applying restrictions on a basis of selectivity by region, and by industry.

Second, I should like to propose temporary manpower policies, or, as I like to call them, peaking policies for labour. It is clear to me that, as an inflationary pressure, the single greatest shortage we have today is the shortage of skilled workers in our large metropolitan areas, and in some remote areas. Long-range policies involving education, immigration, retraining of workers, and so on, must go forward. In the meantime let us utilize the reserves of manpower available, which manpower may not be now used, for elementary reasons.

Let me give an example. There is a shortage of nurses in the service field. Yet there are thousands of trained nurses out of the work force, who stay out for various reasons. The obvious reason is that they are married, and must stay at home to look after their children. Surely there could be arrangements made whereby older persons go into the homes of nurses to look after the children, and the homes, so that the nurses may be released for their own work. If a nurse has to go out she has to pay someone to look after her home, her children, and that means paying an experienced housewife. Surely a voluntary registration made under the aegis of the National Employment Service would come up with the fact that many people would be willing to go into nurses' homes to relieve them, and relieve the situation.

The program could be started or stopped at will. That is why I refer to it as a peaking policy to be used at times of pressure on manpower resources.

• (4:50 p.m.)

Any program that is started having regard to nurses can be started in relation to other fields. Another example could be the employees who are needed to work in factories. In some union contracts workers are required to retire at a certain age, and they cannot work after that. Surely we should ask the unions to join with the provincial governments, with management and, yes, with the federal tax collector, to work out some temporary arrangement to bring back these older skilled workers, to allow them to fill in for sick employees, to fill in during holidays, and even during periods of shortage of labour. By this means, productivity could be increased at no great cost and there would be a consequent reduction in the threat of inflation. I could give other examples. Let me conclude by saying that in the United States 40 per cent of the women between 25 and 45 are in the labour force. The Canadian figure is 34 per cent. Here is a reserve of available human resources, people who would like to help if they were asked to do so.

Another point I wish to make in a positive policy has to do with a policy on saving. I have figures to show that Canada is the most saving nation in the world: Yet we are short of capital. We have forced people to buy retirement pensions; we have given them incentives to buy retirement pensions. Is it not about time we gave incentives to people to own property and equity shares in the industries of this country? Suppose there were exemptions from income tax in the amount of $200, $300 or $500 in respect of investment in equity ownership. Think what relief from inflationary pressure the additional investment would bring and what a help it would be to people to have a type of savings which would grow with the country and help offset rising costs.

Perhaps we could go further and say that succession duty should not apply to that part of an estate which involves equity ownership, so as to encourage people to invest in this nation's growth. I believe the government would be surprised to learn how many individuals there are who do not like these high prices and who wish to play a part in helping the nation. I believe they would enter into a voluntary savings program if they were given some encouragement. I think their numbers would come as a surprise to those in the Department of Finance and elsewhere who say our people will not save.

We underestimate continually the willingness of the people to participate in the affairs of this nation. I have many other things I should like to say, but I see I have used up my time and I shall only—

Mr. Speaker: Order. I am wondering whether the house might give consent to

allowing the hon. member for Qu'Appelle (Mr. Hamilton) to continue until five o'clock.

Some hon. Members: Agreed.

Mr. Hamilton: Thank you. The hon. member for Davenport (Mr. Gordon) suggested it was about time we brought the Gordon Royal Commission report up to date. It is out of date. I had hoped that as a result of the amendments ot the Combines Investigation Act and as a result of the budget provision in 1961 by which 150 per cent write-off provisions were made available to industry for research, that the great companies of Canada would have joined together to keep the Gordon report up to date as a service to the country and to themselves.

One of my personal disappointments was that we did not follow through and complete what we tried to do between 1957 and 1961 when we spent four years getting ready for the Resources for Tomorrow conference, which laid down the direction in which governments and private enterprise should move in making maximum use of renewable resources. The next step was to hold a conference on human resources. We have wasted these past five years. Had we held such a conference we would now have before us clear guidance as to the means of utilizing the capacity of those thousands of people who are today willing to serve our country, and who lack only the leadership to bring them into the work force where they can serve usefully.

The idea that people are handicapped or useless when they are over 65 years of age is altogether wrong. Their potential usefulness is tremendous. If we could employ these people in trouble spots to help us meet the shortage of skilled labour there would be no need to employ the restrictive devices which are used in the present budget. As I say, I think the country would have been well served had this conference on human resources been held. We made it a commitment in 1962. I hope somebody will take up this request and carry it forward, because we do need to marshall all our human resources, so that they are ready to help this nation at any time necessary.

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): I am sure the Minister of Finance was gratified the other night to hear the enthusiastic applause from the opposition benches as various measures were brought forward in his budget for this coming year. I should like to join in this applause from the government side of the house and congratulate the minister on his excellent presentation.

Mr. Churchill: We applauded only one thing.

Mr. Walker: It was very good. When further measures come up, I suggest the applause will be even more sustained, as a realization of what the budget actually means seeps through.

We all understand that at this time in Canada's economic life firmness, control and a sense of confidence in the management of the country is something for which the people are looking, and something they have found in this budget.

I have other matters to discuss and I shall certainly not cover them by five o'clock. May I call it five o'clock?

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private members business as listed on today's order paper, namely public bills and private bills.

PRIVILEGE

MR. MacINNIS—REJECTIONS OF QUESTIONS FOR ORDER PAPER

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, may I rise on a question of privilege occasioned by a note which was delivered to my office and in which your advice was given?

Today I placed before the Clerk of the House two questions for the order paper. In order to explain my question of privilege I should like to read those questions. The first was as follows:

1. Did the present Minister of National Health and Welfare make a public statement prior to November 8, 1965, to the effect (a) that a new wharf would be constructed at St. Peters to facilitate the loading of pulpwood and (b) that an item would be included in the 1966-67 estimates for this purpose?

2. Did the minister make a similar statement to the Richmond municipal council in February?

3. Why has such an item not been included in the 1966-67 estimates?

4. When does the government anticipate tenders will be called for this project?

The second question is as follows:

1. Did the present Minister of National Health and/or the Minister of Fisheries make a public statement or announcement prior to November 8, 1965, to the effect that a $150,000.00 expansion would be under way at the Lindloff Fish Hatchery, Richmond County, Nova Scotia, during the spring and summer of 1966?

2. If so, has work on this project begun? If not, when will it begin?

● (5:00 p.m.)

My question of privilege arises from correspondence just delivered by hand to my office, and the particular letter I refer to reads as follows:

April 1st, 1966.

Dear Mr. MacInnis:

I regret the necessity of returning the two attached questions for the Order Paper which you handed to me this afternoon.

I have discussed both these questions with His Honour, the Speaker, and I have been instructed by Mr. Lamoureux to indicate to you that it is his opinion that they contravene recent rulings made in the house with respect to the form in which questions should be placed.

It is His Honour's opinion that it is not in order to make inquiries of a minister in areas other than those covered by his administrative responsibilities.

My question of privilege arises out of a long standing practice that ministers, unless they designate otherwise, in speaking outside the House of Commons are speaking for the government. It is directly related to the ministers to whom the questions were addressed, namely the Minister of National Health and Welfare (Mr. MacEachen), and the Minister of Fisheries (Mr. Robichaud).

I would direct your attention, Sir, to the second question I placed on record, where I said, "the Minister of National Health and Welfare and/or the Minister of Fisheries" pertaining to a matter directly under the responsibility and jurisdiction of the Minister of Fisheries. My questions have now been ruled out of order by the same process by which questions I asked during orders of the day over the last several weeks were ruled out of order, namely that it is not the minister's responsibility.

Apparently, sir, I have been labouring under a misapprehension because seemingly government ministers can go outside the house and make any or all statements they wish without accepting responsibility. However, I do not think I have been wrong in interpreting government responsibility and ministerial responsibility in these cases.

Therefore I firmly suggest, with all due respect to you, sir, that the rulings on the particular questions I put forward today give me a bona fide question of privilege to press for answers from the ministers who made these statements, since the statements were made without any indication that they were not speaking on behalf of the government, and especially with respect to the second question where I stipulated, "and/or the Minister of Fisheries" who is directly responsible in this particular field.

The ruling that has been given today is a carryover from questions asked on orders of the day, and I say to you, sir, it is not in keeping with the practice that has been followed throughout the years that ministers making statements outside the house should be held responsible for them.

Mr. Speaker: I can assure the hon. member for Cape Breton South (Mr. MacInnis) that I do not want to discriminate in any way against him. The questions that he sought to place on the order paper were perhaps borderline to some extent, but I did feel they were an attempt, bona fide I am sure, to contravene the ruling which I made a few days ago, in which I firmly believe, and in which I believe I have been reinforced by the studies I have made in recent days of the situation in past months, and, I should say, in past years.

I realize that ministers should be held accountable in some way for statements they make outside the house, but my understanding of the rules and the practice—and there are a number of precedents on this—is that the Prime Minister can be asked whether a statement of policy made outside the house by a cabinet minister does in fact reflect the policy of the government. In this way the minister can be held accountable for a statement of policy which he makes outside, or indeed inside, the house.

I still feel today just as strongly as I did a few days ago that it should not be the policy in the house that ministers be asked to answer questions, whether written questions or verbal questions, in any capacity other than in their official capacities. While considering this matter in recent days it was brought to my attention—and I must say I understood this—that in some instances certain ministers are given areas of responsibility. For example, I might say that the Minister without Portfolio (Mr. Turner) in the present government is given, by acknowledgement on the part of the government, that portion of government responsibility in the realm of transport, is asked questions in that regard, and is expected to answer questions about the Department of Transport although he is not the Minister of Transport.

What I fear is that if we were to adopt the suggestion made by the hon. member for Cape Breton South, which may have been followed in some instances—I appreciate

that—we would have questions asked perhaps every day of ministers of the Crown, say, of the Minister of Public Works (Mr. McIlraith) in his capacity as minister for eastern Ontario—

Mr. Knowles: For Ottawa.

Mr. Speaker:—and that he would answer a question on agriculture in his capacity as minister of agriculture for eastern Ontario; and the Minister of Northern Affairs and National Resources (Mr. Laing) might be asked a question on external affairs in his capacity as minister from British Columbia. If that were done it seems to me we would be reaching a situation which would make it impossible to determine with any kind of logic, how questions would be put, whom they would be addressed to, and who would be responsible for answering.

When there is any doubt about who is responsible, I suggest to hon. members that questions in such instances should be directed to the Prime Minister (Mr. Pearson), who has a general responsibility. This is what I said at the outset of my remarks, that if there is any statement of policy made outside the house by a cabinet minister, an hon. member who is dissatisfied with the statement and wants to seek additional information, should direct his query to the Prime Minister.

I regret very much that in so far as the particular questions to which the hon. member refers are concerned, I cannot really accept the contention that he has placed before me in his question of privilege, and I assure him that any particular question he places to the Chair, or that he wishes to put through the Chair, will be looked at individually. I can assure him I shall study them as objectively as I can without prejudice of objectively as I can without prejudice of any type or any nature.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): On a point of order, if I might, Mr. Speaker, I think there is a misapprehension here about the nature of these questions and the interpretation that you are placing on them. If ministers can go abroad and make promises and give undertakings, they do so under the principle that the cabinet is responsible for the statements made. Surely there is no way in which a minister can be held responsible for making effusive utterances for political purposes, and promises that are not intended to be carried into effect, unless questions are asked later, else they are given an aura of responsibility to which they are not entitled.

I suggest, sir, you review this matter because otherwise a minister can make any statement, any promise, so long as he is not making it for his own department, and then be above questioning in the House of Commons.

Mr. Speaker: I am in agreement with the suggestion made by the Leader of the Opposition (Mr. Diefenbaker). I do not want to take a hard and fast position on this. I realize that in some instances some of these questions can be borderline, and I feel whenever there is any doubt an hon. member should be given the benefit of the doubt and allowed to ask these questions. In all such instances members should be given the benefit of the doubt and be allowed to ask their questions. I am quite prepared to review the general situation, and in particular the questions to which the hon. member for Cape Breton South has referred. But I would like to restate my position so far as the general principle is concerned, and I shall review the situation over the week end.

Mr. MacInnis (Cape Breton South): I have one further word, Mr. Speaker, in connection with your remarks in respect to the questions I placed before the Clerk of the House this afternoon. The remarks you have made quite possibly could apply to the first question if we were to follow the rulings that had been given. However, I would call your attention to the fact that the second question was directed to the Minister of National Health and Welfare and/or the Minister of Fisheries, and under no circumstances could this particular question be ruled out, unless there was something particularly wrong with the wording.

Mr. Speaker: This is where virtue may come in allowing one and refusing the other; but I shall certainly look into the matter and I appreciate the hon. member's concern about the situation. I can assure him I shall give his representations, and those which have been made by the Leader of the Opposition, every possible consideration.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I just want to go back for a moment and review precedents in the house—

• (5:10 p.m.)

Mr. Speaker: Order, please. I can assure the hon. member that, with the assistance of

the Clerk at the table, I already have had an opportunity to look into a great number of precedents. I am sure I am aware of the precedents which the hon. member might wish to bring to my attention, and at the time of making my decision I will take those into account.

It being five o'clock, the house will now proceed to the consideration of private members' business as listed on todays' order paper, namely public bills and private bills.

BRITISH NORTH AMERICA ACT

AMENDMENT TO ABOLISH THE SENATE

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. C-15, to amend the British North America Act, 1867 (abolition of the Senate).

He said: Mr. Speaker, the purpose of this bill is to abolish the Senate. I realized, when I was given the opportunity to do this in private members' hour today, that it might be difficult to achieve this object in 60 minutes. I now find we have only about 47 minutes, so it will be that much more difficult.

The bill itself, Mr. Speaker, is one which most hon. members have seen on previous occasions, because this is not the first time I have introduced it. Indeed, my arguing for the abolition of the Senate goes back over a period of many years.

The terms of the bill are such that they would amend the British North America Act by striking out those sections which establish the Senate and all those sections which refer to it. However, there are one or two places in the British North America Act where we would need to retain some mention of the Senate, because of certain cross-references. The most notable instance of this is the section in the British North America Act which provides that no province of Canada is to have fewer members in the House of Commons than it has members in the Senate. My bill takes care of this by providing that in future no province would have in the House of Commons fewer members than it had in the Senate just prior to the abolition of the upper house.

May I say, Mr. Speaker, that this bill is not being presented in the context of recent appointments to the other place. Public opinion about those appointments already has expressed itself in various ways. It is not presented out of special concern over the amount of money which it costs to maintain the upper house; neither is it presented in relation to anything the Senate has done or failed to do in recent months. I present it, if I may do so, in an academic sense; I present it on the basis of an appeal to the common sense of Canadians.

May I put it this way: If we in this House of Commons, or we as Canadians who happen to be here in this House of Commons, were called upon to draft a constitution for democratic government for the people of Canada, I do not know the details of the constitution we might produce, but I am reasonably certain we would start with the principle of democracy. I am reasonably certain we would stick with that principle; we would say that the main thing we should provide would be that the people who would govern the country would be elected by the people themselves.

I submit that, if we worked out provisions for election machinery, somehow bringing together in this capital city 200 or 300 members to represent the people, formulate their laws and provide for their government, having done so we would not then take the further step of providing for some one man to appoint a body of another 100 people, non-elected, who would have the authority to veto the decisions of the elected representatives. Is that not precisely what we have in the kind of parliament we have now?

We have this body, the House of Commons, elected by the people of Canada. Not only are we elected by them, but we are responsible back to them. We are here for only a limited period, following which we have to go back to the people who sent us here. On the basis of that authority—on the basis of our having been elected to act—we have the right to make the laws for the people of this country, to speak for them, and to provide, by our support or otherwise of the executive, for the government of this country. Yet we have as part of our constitution a provision for up to 102 men and women, not elected but appointed by the Prime Minister, who have practically all the authority or powers we have and, indeed, have the power to veto the decisions made in this house.

Mr. Leboe: None of them would be elected.

Mr. Knowles: I say, Mr. Speaker, apart from the kind of interest that mention of the Senate always produces, as has been reflected by the interjection of the hon. member for Cariboo (Mr. Leboe), that this does not reflect common sense, it does not reflect responsible government and it does not reflect the principles of democracy. I think we should take a

good hard look at the fact of our parliament's including a body which is not elected by the people of Canada.

I know in this country we tend to take the Senate for granted; it is part of our life. We have snow in the winter and taxes in the spring, and they have rain in Vancouver; these are just facts of Canadian life. So, the Senate is taken that way. However, I say, if we look at it in terms of political theory and in terms of common sense, in my view there just is not any place for a body that is part of parliament, which has all the powers we have, and yet is not responsible to the people of Canada. When a person is put in the Senate he may make mistakes, as members elected to this house may make mistakes; but if a member here makes a mistake he has to go back to his people in the next election.

On the other hand, if you make a mistake in the other place, you stay there—previously it was for life—until age 75. If you go there at age 35 or 40 you have a good many years in which to make mistakes, without any responsibility back to the people of this country. So it is on this basis, namely that common sense makes no provision for such an institution, that I think we should take steps to abolish it and provide for a parliament of Canada consisting, as the principal clause of my bill suggests of the Queen and the House of Commons.

• (5:20 p.m.)

Some members may ask how we are to achieve this objective if it is a worthy one, as I think it is. I recognize that problems are involved. To do this I think we have to achieve an amendment to the British North America Act, but I believe under section 91 (1) we do have the power in the Parliament of Canada to amend the B.N.A. Act in respect of matters that are federal.

I recognize that to get such a bill passed by parliament, as it is now constituted, would require the approval of this house and the approval of the other place as well. If we pass this bill between now and six o'clock I do not imagine the senators will, with any expedition, set out to approve of our action. This is going to take time, but it seems to me that the time can and will come when, the House of Commons in the name of the people having asked for the abolition of that body that is not elected, that other body will have to take a pretty good look at itself. It may turn us down the first time, but if the House of Commons has taken this stand and goes back to the people, making it one of the issues of an election, and the people vote for the return of the government of the parliament that wants to abolish the Senate, then I think that moral and legal authority would prevail, and that the House of Commons would be able to take action along this line.

As a matter of fact, this has been made very easy for us by the government on the other side of the house as the result of the attitude taken toward Mr. Lesage's request regarding the upper house in Quebec, although I understand that matter is still in the works. However, I am freely admitting that there is a legal and constitutional problem, while at the same time I am suggesting that this can be done and that common sense calls for us to face up to this problem and do something about it at an early date.

May I now just briefly—because I do want to leave time for others to support this bill—deal with two or three of the arguments that are advanced in favour of our having a Senate. There are those who say we need it so it can give sober second thought to the things that are done in the House of Commons, so that it can review our legislation and check hastily passed or ill-conceived measures. In all frankness, Mr. Speaker, I must ask this question: Why should another body of non-elected people, responsible to no one, have the right to throw out things that we pass in this House of Commons? If we make mistakes, the people to whom we are answerable are not 102 individuals who are not responsible to anybody, but rather to the electors at the next election.

I think this whole idea of a body of non-elected elder statesmen—they are not all elder statesmen now; some are a bit younger, but they are still in the same category of non-elected people—having the right to throw out what we have done in this house is politically and morally wrong.

Another argument advanced in favour of the other place is that it is needed to protect minorities. I do not know what minorities have been protected by the other place, provincial, ethnic or otherwise. I suggest that the place where minorities in this country get their best protection is in the courts or right here in the House of Commons, where you have people who, as I say, have to go back to those same minorities and win their seats at the next election.

Another argument advanced for the retention of the Senate is that it sets up committees that do good work. I quite agree that it has set up a number of committees in recent

years that have worked hard on various subjects and have produced some good reports. It is a good idea for us to have people to whom we can assign the job of making surveys, carrying out studies and performing research, but we should do this by setting up commissions or committees to do specific jobs. There is no reason why the people to whom we assign these jobs should be at the same time fully paid on a year-round, lifetime or up to age 75 basis, who have the same legislative authority that we have, in the right to veto the things which are passed in this House of Commons.

There is a place for royal commissions, for research and for inquiries into specific subjects, but let us appoint experts to do that kind of job, and let their appointments be in respect of specific jobs. I do not think these people should at the same time, along with their right to investigate subjects, have the right to veto what we do in the House of Commons.

I know some members will ask why I keep referring to the use of the veto since the Senate does not use it very often. The number of times in history that the Senate has rejected something from this house can be counted on the fingers of one hand, but the power to do so is there and this is a power in excess of the power of the House of Lords in Great Britain, and it is a power in excess of the power of either house against the other in a set-up like that at Washington. The power is there and the Senate can use it year in and year out to veto a piece of legislation that we might pass.

Another argument which is advanced is that it is desirable in a country such as ours to have some means of bestowing honour upon people who have served during their day and rendered particular service to their country. I think there is a place for this, but the Senate is hardly used for that in any discriminating fashion.

Mr. Churchill: Such as services performed during an election campaign?

Mr. Knowles: That seems to be one of the services for which you receive the honour of being appointed to the Senate.

I believe our universities do a better job of honouring people when they bestow honorary degrees. There are other areas of our life where honours are much more appropriately given, so this is not a good argument for the retention of the Senate.

[Mr. Knowles.]

I have tried to discuss this question today, not in the context of some of the feelings which exist about the Senate. If I had brought down my file of letters, which I have received regarding the Senate, particularly in the last few weeks since certain appointments have been made, this would have produced interesting reading but a different kind of debate. I am asking members to look at this issue, not out of any feeling against any particular Senator over there, or any particular prime minister for the kind of appointments he has made, but in light of what is good for a political democracy and for representative government, which we believe we ought to have in this country.

There are those who suggest that the Senate should be reformed. That has been the cry since 1867. Every prime minister who has tried to reform it has failed, and the methods of reform we have had lately have hardly improved it. I think we should look squarely at it as something not to be reformed, but to be done away with entirely.

There are those who say we should elect our Senators. I suppose that would be better than having them appointed; but I submit that parliamentary government has got along just as well in Manitoba and Nova Scotia without the upper houses that those provinces had at the beginning of their histories. I submit that with all of the strains that we now have in Canada between the federal parliament and the provincial legislatures, between and among our various provinces, it would be just a little too much to have one more strain, namely a conflict between two elected houses which would have, in some sense, equal moral authority, which does not obtain at the present moment.

If the Senate were an elected body, I think it would be in the nature of a fifth wheel, adding nothing to our governmental or parliamentary machinery. For these reasons I believe that we should look seriously at the whole question of whether or not we should keep the other house. It is in this spirit that I have presented this bill today. I have tried not to indulge in personalities or in some of those things we say when we talk about the other place. I ask everyone to look at this bill in terms of what is good for representative parliamentary democracy.

In my opinion it would be better if all those who have a say in the laws which are passed in this country were themselves elected representatives, as they are in this House of Commons. For that reason I ask members

to support this proposal for the abolition of the other place.

Mr. Churchill: I wonder whether the hon. member will permit me to ask a question, without indicating that I am for or against this bill? Has he considered whether or not the power which resides in the Senate might usefully be used for the protection of the rights of the people, if the growing power of the executive in this country were used to the disadvantage of the liberties of the people?

Mr. Knowles: I recognize the problem my friend the hon. member for Winnipeg South Centre has raised, namely the contest between the executive and parliament. I think the place for the contest to be resolved is right here, between the executive and the elected House of Commons. I think we will have even more problems if, as against the authority of the members of parliament speaking for the people, we have two bodies, namely the executive here and the Senate over in the other place. I recognize the problem he has raised, but I think the use of the Senate to resolve that problem would be futile.

• (5:30 p.m.)

Mr. Richard Cashin (St. John's West): Mr. Speaker, I welcome the opportunity to discuss this evening the matter of our political institutions. As we know, in recent months—in fact, in recent years—the political institutions of this country have come in for some severe criticism. I must say, although I suppose it casts a reflection on some of those who are observers of our political institutions, there has been a noticeable lack of any in-depth analysis of the political institutions of this country. I believe this is unfortunate because I feel that those outside parliament could do more than they are doing to shape and inform public opinion on this very important matter.

We are discussing specifically this evening one aspect of our political institutions, namely the Senate. I think however that in this discussion we ought to bear in mind that our political institutions generally were taken 100 years ago from England. The ideals of parliamentary democracy in England and as they have been developed here are indeed very laudable. I believe however that one is not at all unpatriotic in saying that there may be some serious questions which Canadians ought to be asking about the function of our parliamentary institutions. After all, these institutions in our country were formulated and devised in a unitary state and have been adopted in a federal state which has great regional diversity, and the further complication of being bilingual. Perhaps one of the major weaknesses of our political institutions is that they do not permit an ample and proper reflection of this regional diversity in our country.

Therefore, Mr. Speaker, when we are talking about the reform or abolition of one segment of our political institutions, really the more serious and pressing question is their analysis in depth. There are two reasons for my finding it difficult to agree with the hon. member who has introduced this bill. One is that if we are to do what he asks today, I think we would not be accomplishing very much in terms of what needs to be accomplished in reforming and re-examining our whole parliamentary institution.

While this particular matter may be distasteful and offend the principles of democracy as espoused by the hon. member, I believe it is an academic question. I recognize the importance of his arguments but nevertheless feel that because of other practical difficulties, if we allow his distaste to linger a little longer, a man with his knowledge of the rules of this house, his love for parliament and perhaps his agitation in this matter, may be helpful to those on all sides of the house who would like to see reform in a more meaningful sense in our partiamentary institutions. This is one of the main reasons I find it difficult to support the hon. member's bill.

I shall deal with that matter a little later, but I would point out that one feature of the hon. member's bill makes it impossible for me to give it my support. However, Mr. Speaker, I will return to that subject in a moment because it is a very important matter that I do not believe has been discussed. Perhaps I may mention it now. One of the arguments that is used—and I have read the debate that occurred on April 6 two years ago on this matter—was the constitutional guarantees given to the provinces of New Brunswick, Prince Edward Island and Nova Scotia in relation to the number of members they shall have in this house. I would inform the house, for those who are not aware of the situation, that in my view this is no longer a practical matter because some very serious anomalies are apt to develop, particularly in regard to members of parliament from the provinces of Saskatchewan, Manitoba and particularly Newfoundland.

At the present time the province of New Brunswick is guaranteed 10 members because that is equal to the number it has in the other place. The province of New Brunswick has not been one of our more rapidly growing provinces in terms of population. The province of Newfoundland, which has been one of our more rapidly growing provinces in terms of population, is guaranteed seven members. However, Mr. Speaker—and I have given this matter some study—it is probable that in the next census the growth rate of this province will be fourth in Canada, and consequently it will lose a seat in the House of Commons and will have only six members.

At the same time, in relation to the province of New Brunswick, its population will have increased to such a point that on the basis of the actual population in the province, applying the same divisor as to the province of Newfoundland, it will be entitled to eight members. I believe this is a terrible inequity and I am surprised that the learned member for Winnipeg North Centre (Mr. Knowles) did not realize this when he introduced that clause in his bill. For this reason I cannot support the hon. member's bill and I suppose no Newfoundland or Manitoba member could support it, because the province of Manitoba would find itself in a very embarrassing position if this bill were passed.

I am glad the hon. member for Winnipeg North Centre is here when I oppose his bill because I would not want any member of my party to be able to go into his province and say about this man who can do so much for parliamentary reform, "You have less members in the House of Commons today because of a bill introduced and passed in that house by your own esteemed member." I assure you, Mr. Speaker, this is my sincere motivation in opposing this bill.

The rate of growth of Manitoba's population is at the present time much the same as the province of Newfoundland. What will happen? Perhaps it will take two censuses to establish this pattern, but Manitoba will begin to lose members in this house at a time when they may have a population almost twice as great as that of New Brunswick. I think this would be a terrible situation.

I believe I have illustrated this great weakness in the bill introduced by the hon. member for Winnipeg North Centre and hope that at some future date when the bill is re-introduced he will have redrafted it. In doing so he would perhaps be performing a service if he could find a formula to remove the inequity that I suggest would occur with regard to the growth patterns of this great country.

Mr. Knowles: Mr. Speaker, would the hon. member permit a question?

Mr. Cashin: Yes.

Mr. Knowles: Is the hon. member willing to enlist the services of his colleague the hon. member for Antigonish-Guysborough (Mr. Stewart) and others in drafting an appropriate amendment?

Mr. Cashin: With regard to anything that will be for the good of Newfoundland and Manitoba—because they are both notorious provinces in regard to their members—I would enlist the support of any member of this house to help the hon. member for Winnipeg North Centre in drafting a bill. I was not aware that he needed such help because I believed that was an oversight on his part. However, Mr. Speaker, if there is one man who can give the hon. member for Winnipeg North Centre sound advice, it is the very distinguished member for Antigonish-Guysborough.

• (5:40 p.m.)

As I have mentioned, this is a very serious weakness in the bill. We should consider the reasons for instituting the other place as they were enumerated in 1867. Perhaps one reason—it is not the most prominent one but I am sure it was in the minds of the legislators at that time—was the idea that we should have the same kind of system in Canada as they had in the United Kingdom. It is a pity that we, in Canada, have not been able to bring about the changes in our system that they have been able to bring about in the United Kingdom. One of the changes brought about in the House of Lords has been referred to, but they have also brought about some meaningful changes in the House of Commons, far beyond anything we have been able to accomplish here.

This is another reason for my opposition to this bill. I should like to see the energies of the hon. member for Winnipeg North Centre (Mr. Knowles) devoted to this more important problem. There is another reason to which reference has been made by the hon. member, and that is the protection of minorities, the sort of guarantee of territorial equality for the maritimes or Upper and Lower Canada. If these guarantees of territorial equality had not been given at the time of confederaion, then it is quite probable the

maritimes and Lower Canada would not have federated.

I have just illustrated, I think, that these guarantees are no longer practical today. While they may, in effect, give guarantees to certain provinces of Canada they do so to the jeopardy of the smaller provinces. It is understood by some of the smaller provinces that, in relation to Ontario and Quebec as well as other larger provinces, they should have less members, but this is distateful to Manitoba and Newfoundland. In that sense, if this reason for territorial equality no longer exists, then before we do anything about Senate reform we should get that particular clause amended.

There has been a discussion over a period of years, off and on, of the suggestion that we ought to have reform of the other place. It seems to me that reform of the other place would not now be very attractive to hon. members of this house, nor indeed would it be attractive to the country generally because of the fact, as was pointed out by the hon. member, the other place possesses such powers. I suggest, therefore, to hon. members that since we do have the situation in which the other place possesses a great deal of power which it does not use, our only interest in taking the drastic step of abolishing the other place is really of academic interest. If we were to pass this bill today, we would find we have a lot of things to work out.

I do not believe the hon. member for Winnipeg North Centre has really thought through this problem. I see the hon. member for Saint John-Albert (Mr. Bell) in the house. I am sure that in any discussion of reform of the other place we would have the hon. member for Saint John-Albert and the hon. member for Antigonish-Guysborough (Mr. Stewart) crossing party lines and tackling both myself and the hon. member for Winnipeg North Centre. We would have questions of regional interest, the interests of New Brunswick and Nova Scotia, which would of course be predominant over the political interests of these two distinguished gentlemen. So, too, the hon. member for Winnipeg North Centre and I would be allied on the other side of the question.

Mr. Bell (Saint John-Albert): May I ask a question in order to assist the hon. gentleman? Was Newfoundland aware of this disparity when she came into confederation?

Mr. Cashin: I think at the time Newfoundland came into confederation, this was not an issue. Perhaps the first time it has really been made an issue in Canadian politics, in a formal sense, has been in the introduction of this bill.

Mr. Knowles: Would the hon. member permit a queston? Does he not realize that the clause in my bill about which he is talking is merely carrying forward something that has been in the British North America Act for 50 years? It is not something which is being introduced today.

Mr. Cashin: Yes, but it is a situation with which I do not agree. I do not believe any Newfoundlander or Manitoban could agree with it. I am quite serious about this. At the next redistribution, we are going to make an issue of it.

Mr. Knowles: Would the hon. member permit one more question? Has he not put his finger on the point? The major purpose of this bill is to get rid of the Senate, but the matter with which my friend is dealing relates to distribution and may be dealt with at the next redistribution.

Mr. Cashin: Whether or not the hon. gentleman is getting rid of the Senate, I think he is perpetuating an unpleasant situation. I think his bill could be drafted in a much better way.

Mr. Stewart: May I ask the hon. gentleman a question? I think his time is just about up, but I want to ask him this question. It is sometimes suggested that one of the better purposes performed by the Senate is that it permits a prime minister a good deal of flexibility in reshaping his cabinet. I can ask this question of the hon. member for St. John's West without, I hope, inviting too political an answer. I thought of addressing the question to the hon. member for Winnipeg North Centre, but I did not dare to do so. Is there some validity in this argument?

Mr. Cashin: Perhaps in certain instances; but I do not think it is of such prime importance, at least to the hon. member for St. John's West, as to be dealt with further at this time.

In conclusion, I should like to say, as I said at the beginning, that I like the opportunity to talk about our institutions. I appreciate the sincere interest of the hon. member for Winnipeg North Centre in reform generally. While there are indeed some anomalies in the other place, I really do not see that any purpose would be accomplished by reform at

the present time. So long as it exists in its present form, particularly at a time when there is a great deal of criticism of parliament generally, we could serve a better purpose by having a discussion of some of the fundamentals.

I recall some views of my colleague, the hon. member for Antigonish-Guysborough, when he referred to the hon. member for Winnipeg North Centre as holding some congressional-like views. I think, in this case, the hon. member for Antigonish-Guysborough is being a bit of a traditionalist. However, this could be the subject of debate on another day. In such a debate I would find myself agreeing with the hon. member for Winnipeg North Centre.

Mr. Knowles: Would the hon. member permit just one more question? Does he favour the abolition or the retention of the Senate?

Mr. Cashin: I favour a thorough-going reform of parliamentary institutions. I think that we cannot approach part of the problem without looking at the over-all problem. If we are prepared to have a meaningful and in-depth analysis of our institutions, then I am prepared to examine all points of view. I think there is a very good case to be made out for the statement that our institutions in this country are not as effective at this time as they should be. I decry much of the criticism of our institutions which deals in personalities. I think that this is superficial. I do feel that we really have not gone into these matters in depth, and I would welcome the opportunity of doing that and listening to the views of one of the more informed members of the house, the hon. member for Winnipeg North Centre.

• (5:50 p.m.)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I want to rise to support the bill of the hon. member for Winnipeg North Centre (Mr. Knowles) because long before I came to the house, I felt that if a referendum were held throughout the country, 95 per cent of the people would be in favour of abolishing the Senate. That is the question of the day. We are no longer in 1887 but in 1966 and we should get in step with the modern world.

I understand that today this body is not suited to take a vote. On the other hand, a vote should be taken on that bill and I wish most of the young members were here and the older ones, who keep hoping to go to that dormitory for a rest, could be put aside. I wish the young members were here to discuss frankly our modern government.

I think, Mr. Speaker, that the great majority of the young members would be in favour of abolishing the Senate completely.

It would be one of the main reforms to make in our parliamentary system because, especially in view of the way appointments are made today, we have always considered the Senate a little as a cemetery of fossils. If only members who worked hard in politics, who devoted themselves to politics, were sent there, or even better, instead of being sent there, they should be paid a good pension and allowed to end their days among their family. But we force them to sit there. Old people of 75, 78, and 80 years old can be seen there. It is inhuman to keep old people there. Let us give them their pension and send them to rest quietly at home.

Today, more than that is done. Among the appointees are political organizers who never sat in this house, small politicians, not old but in the prime of life. They are sent to sit there and that is the greatest scandal of modern times, especially if you consider the appointments which have just been made and how they were received by the people. The public is disgusted.

Admittedly, an old man could be sent there to rest but sending a man in the prime of life there to sleep is to sacrifice him. And if he lived to be 80? That is why we support the complete abolition of that body.

The previous speaker said that it was an academic question. When I look at this, it is much more than an academic question. It is an economic question. We should not consider it only from an academic standpoint but ask ourselves how much we could save by abolishing that place, and that would be quite an amount.

Now, if only the legislation governing the Senate were improved so that senators would have to be elected by the people, like it is done in some countries.

If they want to look after public affairs and continue to legislate for the people, then they should go before the people.

For all those reasons and many others—this is such an interesting subject that it would take at least 15 days of discussion to say all we have to say—we shall vote for this bill.

When I see an hon. member who is getting on in years, I respect him. He has marvellous ideas. One always thinks of one's last resting

place. But when I see a young one like the previous speaker arguing for the retention of the Senate, I am wondering if he does not have somebody to switch him there, if you will pardon the expression.

Mr. Speaker, even if someone wanted to send me there, I would not go, because I am too active in life. I want to keep my freedom and, at the age of 55 or 60, I want to be home, peacefully watching over my business; that is all. I do not want to lose valuable time in the Senate.

For all those reasons, Mr. Speaker, I strongly support Bill C-18, like all members of my party.

I do not wish to speak any longer, because I realize we have only three minutes left and I ask all hon. members to take the vote on this bill.

[*English*]

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I am delighted to have the opportunity of talking out this bill this evening because had I not risen in my place to see this bill through six o'clock, the Senate I am sure would no longer have existed on the morrow. I certainly hope that my party and my Prime Minister will see fit to reward me for this service to the other place in a way in which they would not otherwise be able to reward me had I chosen to stay in my place.

I want to say that the argument of my hon. friend, the hon. member for Winnipeg North Centre (Mr. Knowles) was ably presented in this house, but being an abolitionist, it appears he also wishes to abolish the Senate. I commend to him that he look again at the old institution, so that when this bill is again reached in the order of public bills, we can debate this question perhaps a little differently.

Also, there are in the library some good books about the Senate. I commend to the hon. member the use of the library. I see him there often. I commend to him a book entitled: "The Modern Senate of Canada", by F. A. Kunz, published by the University of Toronto Press. I commend to him page 368 particularly. Also, in that book he will find many anecdotes, incidents and references respecting the old members of the old C.C.F. and New Democratic Party which have sat in the house over the course of the years. In the book are given pages of *Hansard*.

An hon. Member: Six o'clock.

Mr. Deachman: Had I been going to speak longer on the subject I should have brought with me stories going back to 1926 with which to regale the hon. member.

Mr. Speaker: Order, please. The hour for consideration of private members' business has now expired.

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

HOUSE OF COMMONS

Monday, April 4, 1966

The house met at 2.30 p.m.

HATE LITERATURE

TABLING OF REPORT OF SPECIAL COMMITTEE

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, by leave of the house I wish to table the report, in English and French, of the special committee on hate propaganda in Canada.

Mr. Speaker: Has the hon. member leave to table the document?

Some hon. Members: Agreed.

CRIMINAL CODE

AMENDMENT OF DEFAMATORY LIBEL DEFINITION TO INCLUDE HATE LITERATURE

Mr. W. B. Nesbitt (Oxford) moved leave to introduce Bill No. C-164, to amend the Criminal Code (group defamatory libel).

Some hon. Members: Explain.

Mr. Nesbitt: Mr. Speaker, this bill proposes to enlarge the definition of defamatory libel, as it appears in the Criminal Code, to include hate literature. Because such literature is in many cases the expression of a sick mind, the bill further proposes that any person charged or convicted of publishing such a libel shall be placed under mental observation to determine whether he is mentally ill.

CANADA ASSISTANCE PLAN

ESTABLISHMENT OF PROGRAM TO ASSIST PERSONS IN NEED

Hon. A. J. MacEachen (Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure, to be known as the Canada Assistance Plan, to establish a program for sharing with the provinces in the cost of assistance, including health care and welfare services, provided to or in respect of persons in need, including mothers and children, older persons, disabled persons and unemployed persons who are in need, and in the cost of developing and improving assistance and welfare services programs including child and youth welfare programs throughout Canada; to provide for the making of arrangements for extending provincial welfare programs, with the approval of Indian bands, to Indians with reserve status, and for the making of payments to the provinces with respect to the cost of so extending those programs; to provide for the making of payments to the provinces with respect to the cost of specialized projects for assisting and rehabilitating persons in need or likely to become persons in need who have unusual difficulty in obtaining or holding employment; to provide for amendments to the Old Age Assistance Act, the Blind Persons Act, the Disabled Persons Act, and the Unemployment Assistance Act that are incidental to or consequential on the introduction of the Canada Assistance Plan; and to provide further for the extension of the Established Programs (Interim Arrangements) Act to the Canada Assistance Plan.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NATIONAL DEFENCE EXPENDITURES BY PROVINCES

Question No. 35—**Mr. Allard:**

During the fiscal years 1964-65 and 1965-66, excluding the amounts assigned to armament programs, what have been, by provinces, the expenses of the Department of National Defence, including salaries paid to the armed forces and civilian personnel, travelling expenses, food supplies, heating, clothing and other similar items?

[*Translation*]

Hon. Léo Cadieux (Associate Minister of National Defence): Information is not now available to provide an accurate answer to this question and the necessary expert staff is not available to undertake the large amount of work which would be required to gather the necessary information.

[*English*]

FEDERAL REVENUES AND EXPENDITURES BY PROVINCES

Question No. 350—**Mr. Davis:**

1. Taking into account, as between the federal government and the government of British Columbia, all the revenue received by the federal government (including direct taxes, indirect taxes

Questions

and other revenue) and all expenditures on British Columbia's behalf (including conditional and unconditional grants to institutions and to individuals and expenditures incurred for public works and other purposes and by crown corporations in that province), for the fiscal year 1963-64, how much more, or less, did the federal government spend than it collected in the said province?

2. What are the comparative figures for each of the remaining provinces in Canada?

Hon. Mitchell Sharp (Minister of Finance): 1 and 2. Information is not now available to provide an accurate answer to this question and the necessary expert staff is not available to undertake the large amount of work which would be required to gather the necessary information.

BANKRUPTCIES

Question No. 432—**Mr. Laprise:**

1. How many bankruptcies were registered during the years 1960, 1961, 1962, 1963, 1964 and 1965 in (a) Canada (b) Quebec, and (c) in the county of Chapleau?

2. For the same years, what were (a) the total value, and (b) the average value of bankruptcies registered (i) in Canada (ii) in Quebec, and (iii) in the county of Chapleau?

3. Did the government lose a considerable sum of money during these years, on account of loopholes in the Bankruptcy Act and, if so, how much in its opinion has it lost since 1960, and what action is it planning to take in order to remedy this situation?

[*Translation*]

Hon. Lucien Cardin (Minister of Justice): 1 and 2:

BANKRUPTCIES REPORTED
CANADA

	Cases Reported	Assets	Liabilities Million $	Deficiency	Average Deficiency $
1960	3,641	79	147	68	18,700
1961	3,511	56	120	64	18,200
1962	4,297	68	138	70	16,300
1963	5,199	92	201	109	21,000
1964	5,562	107	211	104	18,700
	22,210	402	817	415	18,700
1965	5,003				
	27,213		Not yet available		

BANKRUPTCIES REPORTED
QUEBEC

1960	2,305	30	66	36	15,700
1961	2,044	23	52	29	14,200
1962	2,360	34	81	47	19,900
1963	2,716	44	93	49	18,000
1964	2,832	53	106	53	18,700
	12,257	184	398	214	17,500
1965	2,524		Not yet available		
	14,781				

Notes: (1) Amounts are shown in millions of dollars as reported by debtors. (2) No separate statistics are available for the electoral district of Chapleau.

3. We have no information to indicate that any money was lost on account of loopholes in the Bankruptcy Act.

[Mr. Davis.]

[*English*]

FRAUDULENT BANKRUPTCIES

Question No. 433—**Mr. Laprise:**

1. Since 1960, how many fraudulent bankruptcies have been discovered annually in (a) Canada (b) Quebec, and (c) the county of Chapleau?

2. What was the amount in dollars each year of these fraudulent bankruptcies in (a) Canada (b) Quebec, and (c) the county of Chapleau?

3. On a per capita average at the national level, how much has each citizen theoretically lost every year since 1960 in connection with these fraudulent bankruptcies?

[*Translation*]

Hon. Lucien Cardin (Minister of Justice): 1, 2 and 3. The investigation and the prosecution of offences of a criminal nature that have taken place prior to a bankruptcy are a provincial responsibility within the field of the administration of criminal justice. There are no federal statistics available as to the number of investigations or prosecutions initiated by the provincial authorities and connected with estates in bankruptcy or as to how these estates could have been affected by the offences that might have been uncovered by the provincial authorities.

[*English*]

CONTRIBUTIONS BY CORPORATIONS TO PORT FACILITIES COST

Question No. 510—**Mr. Keays:**

1. Since 1956, has the government built wharves or other port facilities at Dalhousie, N.B., Baie Comeau, P.Q., Mont-Louis, P.Q., Black Cape, P.Q., to which public or private corporations have contributed?

2. If so, what were the total costs of the projects?

3. When were the jobs completed and what were the amounts contributed by the corporations?

Hon. G. J. McIlraith (Minister of Public Works): 1, 2 and 3.

Project	Total final cost	Date completed	Amount contributed by corporation
Dalhousie, N.B.			
Dredging	$ 20,240.55	1957	50 per cent of cost or $10,120.28 by New Brunswick International Paper Co.
Dredging	14,638.87	1960	50 per cent of cost or $7,219.48 by New Brunswick International Paper Co.
Dredging	25,455.03	1962	50 per cent of cost of dredging Area B, value $18,210.29. New Brunswick International Paper Co. share amounted to $9,105.95.
Harbour facilities	831,995.00	1960	International Paper Co. will pay $100,000 in ten annual payments commencing in 1958.
Harbour improvements	464,711.36	1965	The crown spent $464,711.36 on wharf improvements and $170,891 on dredging. The New Brunswick Mining and Smelting Corporation did not contribute toward the construction of the wharf or dredging. The corporation have advised that they expended on fill area, trackage, car dumper and ship loader an amount of $1,928,000.
Dredging	170,891.00	1963	
Baie Comeau, Que.			
Dredging	$ 656,656.00	1957	The Canadian British Aluminum Co. Ltd. contributed $328,408.00.
Dredging	621,088.00	1959	The Cargill Grain Company contributed $310,544.00.
Dredging	324,864.00	1961	The Quebec Hydro Electric Commission contributed $143,375.00.
Breakwater	2,014,308.00	1963	The Quebec North Shore Paper Co. contributed $400,000 and the Quebec Department of Lands and Forests contributed $920,000.00.
Extension	215,000.00		
Mont Louis, Que.			
Wharf	$ 839,619.00	1956-57	In 1957 Gaspe Copper paid the crown the sum of $115,021.22 and agreed to pay the crown the sum of $42,420.50 annually until 1995.
Black Cape, Que.			
Wharf	$ 807,679.25 Expenditure to date.	1965	The Bathurst Pulp and Paper Co. agreed to pay 50 per cent of the capital cost of the extension portion of the improvement. An amount of $256,827.59 has been paid by the Bathurst Pulp and Paper Co. to date.

Questions

DELIVERY IN OTTAWA OF WESTERN NEWSPAPERS

Question No. 541—**Mr. Pascoe:**

1. Is the cancellation of the Canadian Pacific Railway Dominion responsible for the late arrival in Ottawa of western daily newspapers?

2. Can faster mail service for these western newspapers be provided?

Hon. Jean-Pierre Côté (Postmaster General): 1. No. The postal service being provided for the delivery of western daily newspapers in Ottawa is at least the equal of that provided when mail was carried on the Dominion.

2. The Post Office Department is now making the best possible use of the existing transportation services.

SALES TAX ON BUILDING MATERIALS AND MACHINERY

Question No. 615—**Mr. Madill:**

1. Would a contract signed June 10, 1963, be subject to the 11 per cent sales tax on building materials and production machinery which was established on June 13, 1963?

2. By what firms and individuals is this tax remitted to the Department of National Revenue?

3. How does the Department of National Revenue make certain that this sales tax has been applied on building materials and that the tax has been remitted to the department?

Hon. E. J. Benson (Minister of National Revenue): 1. Section 10 of the 1963 amendments to the Excise Tax Act makes provision for sales tax relief where a vendor in Canada of building materials and production machinery exempt from sales tax before June 14, 1963, has, prior to that date, entered into a fixed price contract that does not permit him to add the sales tax.

2. Sales tax is remitted on taxable goods manufactured or produced in Canada by licensed manufacturers or licensed wholesalers.

3. Licensed manufacturers and licensed wholesalers are subject to periodic audit by excise tax auditors at which time it is ascertained that the correct amount of sales tax has been remitted to the department on taxable sales of building materials, production machinery and all other taxable products.

*ESCAPE OF PRISONERS FROM COLLINS' BAY PENITENTIARY

Question No. 654—**Mr. Alkenbrack:**

Has there been a special inquiry into the factors and/or persons contributing to the prison break of three dangerous prisoners from Collins' Bay penitentiary on Wednesday, February 9, 1966, who were later captured near St. Catharines and, if so, will the government report to the house the findings resulting from this inquiry?

[Mr. McIlraith.]

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the answer to part 1 is: Pursuant to Section 13 of the Penitentiary Act, the commissioner of penitentiaries has appointed his Honour Judge Harry R. Deyman, county court judge of Peterborough, Ontario, to inquire into and report upon the circumstances surrounding the escape of four inmates from the Collin's Bay penitentiary, in the province of Ontario, on February 9, 1966.

The answer to part 2 is yes.

FEDERAL ASSISTANCE FOR FLEUR DE LIS DRIVE, N.S.

Question No. 659—**Mr. Muir (Cape Breton North and Victoria):**

1. Has the atlantic development board discussed the question of financial assistance to the province of Nova Scotia in the construction of the Fleur de Lis drive and, if so, on what dates was this subject discussed?

2. Has consideration been given by the atlantic development board to the granting of financial assistance to the construction of the Fleur de Lis drive?

3. Has a decision been reached by the Atlantic Development Board to grant assistance for the construction of the Fleur de Lis drive and, if so, how much financial assistance is to be granted?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

1. Yes, July 5th-7th, 1965; September 30th, 1965.

2. Yes, but only within the context of a possible program of tourist road development in the whole Atlantic region.

3. No.

INCOME TAX DIRECTOR, ROUYN, QUE.

Question No. 729—**Mr. Caouette:**

1. Who has been director of the income tax office in Rouyn from 1960 to date?

2. Has this person been transferred to another area and, if so, where?

3. Who was appointed to replace him in Rouyn?

4. Is French the mother tongue of the new director?

5. Is he bilingual?

6. Had the civil service among its ranks a French Canadian to head an income tax office covering an area with 9 per cent French speaking population?

Hon. E. J. Benson (Minister of National Revenue): 1. Mr. L. T. Merleau.

2. Yes. Quebec city.

3. Mr. T. E. Weldon.

4. No.

5. Yes.

6. The position was filled through the competitive process open to all employees of the taxation division who could speak French.

CHINESE AMNESTY PROGRAM

Question No. 747—**Mr. Wahn:**

As at December 31, 1965, how many persons have lost their status as Canadian citizens as a result of filing adjustment statements pursuant to the Chinese amnesty program?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): None.

Persons who entered Canada as immigrants, who subsequently were granted citizenship and whose amended particulars were accepted under the adjustment statement program did not lose their status. They were simply issued with replacement citizenship certificates bearing the accepted particulars.

Persons who entered Canada claiming to have status under the Canadian Citizenship Act or previous naturalization acts, who had been issued proof of such status in the form of a certificate and who, by their own admission, were subsequently found not to have such status did not lose their status as Canadian citizens because they had none to lose. Their certificates have been withdrawn and, as a result of the acceptance of their adjustment statements, cancelled. Statistics have not been maintained on the number of persons in this position. They are entitled to apply for Canadian citizenship five years from the date of landing as established under the adjustment statement program.

TRAINING OF PRISON GUARDS

Question No. 765—**Mr. Thompson:**

What type of in-service training is given to guards at federal prisons, particularly in the fields of (a) self defence (b) weapons training and marksmanship (c) general academic education (d) psychology?

Hon. L. T. Pennell (Solicitor General): (a) Self Defence: (i) At Staff Colleges: 32 hours of formal training consisting in theoretical and practical periods and exercises on the following: a. Breakfalls; b. Throws; c. Restraints; d. Come-alongs; e. Defences against assault without weapons; f. Defences against assault with weapons. (ii) At Institutions: Approximately 10 hours a year of refresher training.

(b) Weapons Training and Marksmanship: (i) At Staff Colleges: 35 hours of formal training consisting in theoretical and practical periods on the following: a. Rifle: 14 hours: Parts and handling; Care and cleaning; Loading and unloading; Positions; Aiming; Range procedure and grouping; Range practice; b. Revolver: 8 hours: Care and cleaning; Loading and unloading; Holding, aiming and firing; Range procedure and grouping; Range practice; c. Riot Gun: 4 hours: Care and cleaning; Loading and unloading; Holding and shooting; Shooting practice; d. Gas: 9 hours: Classification and use of gas; Tear agents; Protective measures; Gas chamber experience; Riot control drill.

NOTE: All of the above training is followed by a performance test.

(ii) All Institutions: Range practice tests and annual classification.

(c) General Academic Education: No formal academic education is provided on an in-service training basis for personnel of federal penitentiaries. However, D.V.A. correspondence courses are offered and other correspondence or evening courses are encouraged for personnel development.

(d) Psychology: (i) At Staff Colleges: 20 hours of formal training in the fundamentals of human behavioural sciences. (ii) At Institutions: Follow-up training conducted by psychiatrists and psychologists according to the needs at each institution. (iii) University training is encouraged through the reimbursement of 50 per cent of tuition fees to the members of the Service who are employed in inmate guidance and counselling or who form part of the institutional inmate classification teams.

*PARKING INSTRUCTIONS ON PARLIAMENT HILL

Question No. 769—**Mr. Rynard:**

Would the government give consideration to a request to the commissioner of the Royal Canadian Mounted Police to post constables at all entrances to the grounds of parliament and particularly at the western exit at the foot of the hill in order to instruct drivers of cars and chartered buses where they may park, especially during the summer season?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the answer to this question is that within the limits of manpower available to

the R.C.M. Police, every effort will be made to instruct drivers of cars and chartered buses where they may park.

*R.C.M.P. REPORT ON CAR EXPLOSION

Question No. 776—**Mr. Choquette:**

Have the Royal Canadian Mounted Police submitted a report giving information on the explosion which wrecked the car of the former member for Trois-Rivières, Hon. Léon Balcer, in 1964?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the answer to this question is as follows. Reports were submitted to the R.C.M. P. headquarters, Ottawa, by members of the R.C.M.P. at Trois-Rivières, Quebec, in connection with the burning of Mr. Balcer's car in the early morning of October 17, 1964.

*R.C.M.P. INVESTIGATION INTO QUEBEC FIRE

Question No. 777—**Mr. Choquette:**

Are the Royal Canadian Mounted Police now investigating the fire which devastated the residence of the Lieutenant Governor of the province of Quebec, and have they any clues indicating that this fire was due to terrorist activities on the part of revolutionary separatists?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the answer to both part 1 and part 2 of this question is no.

FEDERAL PROPOSALS RESPECTING GARIBALDI PARK

Question No. 780—**Mr. Douglas:**

1. Has the federal government made any proposal to the government of British Columbia to establish Garibaldi Park in British Columbia as a national park?

2. If so, when was such an offer made?

3. Did the federal government make any proposals as to the amount of money the federal government would consider spending for development purposes if Garibaldi park became a national park?

4. If so, what were those proposals?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. Yes.

2, 3, 4. Formal and informal offers have been made by successive governments for at least the past 10 years. The present government first formally renewed the proposal on June 13, 1963. Subsequent proposals envisioned initial development expenditures of approximately $10,000,000. The most specific development proposals were contained in a statement of November 4, 1965, outlining plans to: (a) Negotiate suitable boundaries for the park which would exclude areas of resource conflicts. (b) Provide suitable low elevation areas for public camping facilities and other visitor services. (c) Identify prime natural features and major scenic attractions. (d) Zone the park to ensure for preservation of key areas. (e) Prepare a master plan to guide long term development which would probably include: (i) Road access via a scenic alpine drive to the Diamond Head area. (ii) Campgrounds, picnic areas, trails, shelters, and a scenic view lodge. (iii) Park interpretive facilities, nature exhibits and nature trails. (iv) Improvement of the existing jeep road to provide bus access to the icefields. (v) A high level trail system connecting to the Whistler mountain ski area. (vi) The preservation of the alpine meadows in the Black Tusk area. (vii) Boating facilities on Garibaldi and Cheakamus lakes.

WAR VETERANS BENEFITS

Question No. 806—**Mr. Caouette:**

1. What criteria are applicable for the granting of a pension of a war veteran?

2. What criteria are applied to refuse a pension to a war veteran?

3. Does a war veteran who has served overseas enjoy certain benefits which are denied to one who has stayed in Canada?

4. What are these benefits?

Hon. Roger Teillet (Minister of Veterans Affairs): 1 and 2. War disability pensions are paid under the provisions of the Pension Act R.S.C. 1952, c. 207 as amended from time to time.

3. Yes.

4. (1) Eligibility for benefits for veterans who had active service during world war I or world war II, or who served in Korea, and where overseas service is one of the qualifying factors, is set forth in the relevant legislation as follows: (a) Civil Service Act: section 40, section 41. (b) Department of Veterans Affairs Act: (i) Veterans treatment regulations; section 2(1)(j); sections 12; 13; 29, (ii) Last Post fund regulations; section 2(e), (iii) Veterans Burial regulations; section 4(b). (c) Pension Act: sections 2(v); 13(1)(c); 4(g); 14(4); 15; 28(3)(a). (d) Soldier Settlement Act: section 2(s). (e) Veterans Benefit Act, 1954: section 2(c), and remaining sections applicable to other acts in world war II veterans charter. (f) Veterans' Land Act: sections 2(1)(d); 10; 46. (g) War Service Grants Act: sections 2(j) and 2(m); 3; 8. (h) War Veterans Allowance Act; sections 2(1)(k); 3; 5; 30. (i) Assistance fund (WVA) regulations: section 7.

(2) Persons who served overseas in certain non-military organizations were made eligible for a number of benefits under the following legislation: (a) Civilian War Pensions and Allowances Act. (b) Fire Fighters War Service Benefits Act. (c) Special Operators War Service Benefits Act. (d) Supervisors War Service Benefits Act. (e) Women's Royal Naval Services and the South African Military Nursing Service (Benefits) Act.

EXPENDITURES BY VARIOUS DEPARTMENTS

Question No. 829—**Mr. Caouette**

What was for each of the following departments, for the last three years (a) the total expenditure (b) the amounts spent in each province (c) the breakdown of these expenditures: Post Office Department, Department of Trade and Commerce, Department of National Health and Welfare, Department of Justice, Department of Northern Affairs and National Resources, Department of Transport, Department of National Defence, Department of Labour, Department of Secretary of State, Department of Forestry, Department of Mines and Technical Surveys, Department of Industry and Defence Production, Department of Veterans Affairs, Department of Public Works, Department of Fisheries, Department of Agriculture, Department of Citizenship and Immigration?

Hon. Mitchell Sharp (Minister of Finance): Information is not now available to provide an accurate answer to this question and the necessary expert staff is not available to undertake the large amount of work which would be required to gather the necessary information.

REVISION OF STATUTES

Question No. 847—**Mr. Caouette:**

1. Is the government revising the statutes of Canada at the present time?

2. When approximately does the government expect to have the revision of the statutes of Canada completed?

3. When approximately does the government expect the new revised statutes of Canada to be published, so as to be available to the public?

[*Translation*]

Hon. Lucien Cardin (Minister of Justice): 1. Yes.

2. An attempt is being made to include the 1967 legislation in the revision so that the new Revised Statutes of Canada can be related to Canada's centennial year.

3. Publication of the revised statutes will follow the consolidation therein of 1967 legislation, which may require publication to be in 1968.

23033—239

[*English*]

SUMMER EMPLOYEES, NORTHERN AFFAIRS

Question No. 861—**Mr. Caron:**

1. How many extra employees were hired for summer positions by the Department of Northern Affairs and National Resources (a) at the head office (b) elsewhere in Canada, during the summer of 1965?

2. Who recommended these employees?

3. Do they have relatives—father, mother, brothers, sisters, uncles and aunts—who work for the department?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. (a) 18; (b) 740.

2. No records are maintained to indicate source of recommendation. The persons employed were selected by the Civil Service Commission or on the basis of applications to the department or on referral by the National Employment Service.

3. This information is not available.

CONTRIBUTION TO SHIPYARD CONSTRUCTION, MARYSTOWN, NFLD.

Question No. 961—**Mr. MacEwan:**

1. Has the Atlantic Development Board contributed, or will the Atlantic Development Board be contributing, to the construction of a shipyard at Marystown, Newfoundland?

2. If so, what will be the amount of the contribution?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

1. No.

2. N/A.

CO-OPERATION IN INDUSTRY DEVELOPMENT, NOVA SCOTIA

Question No. 986—**Mr. Forrestall:**

1. Has the Atlantic Development Board ever co-operated with Nova Scotia's Industrial Estates in the development or establishment of industry in that province?

2. If it has, on what projects?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

1. Yes.

2. (a) With financial assistance—general purpose building and extension of water system to serve the industrial park at Stellarton;

(b) With good offices—the heavy water plant in Glace Bay; the proposed C.M.I. automobile plant at Point Edward.

Questions

DIRECT DEVELOPMENT BOARD GRANTS TO INDUSTRY, N.S.

Question No. 987—**Mr. Forrestall:**

1. Has the Atlantic Development Board ever been asked by the province of Nova Scotia to make direct grants to industry in that province?

2. If so, what was (a) the Atlantic Development Board's reply (b) the government's position?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

1. Yes.

2. (a) The board informed the premier of Nova Scotia that it was prepared to indicate to the minister that it endorsed the principle of direct grants but the application of this principle should be subject to arrangements being made which would be acceptable to both the federal and provincial governments. (b) It would not be desirable for the Atlantic Development Board to enter the field of direct grants, since the federal government was considering the desirability of amending the Area Development Incentives Act to include direct grants, and to extend the geographical area of the program.

CAPITAL GRANTS TO INDUSTRY, NOVA SCOTIA

Question No. 990—**Mr. Forrestall:**

1. Has the Atlantic Development Board at any time recommended to the government the advisability of special forms of capital grants to industry through existing instruments of the provincial government of Nova Scotia?

2. If so, what was the government's reply?

3. If so, when was such a request made?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

1. No.

2. N/A.

3. N/A.

BUILDING COLLAPSE, NORTH VANCOUVER

Question No. 996—**Mr. Winch:**

1. Was there a partial roof collapse, caused by a heavy snowfall in January, 1965, on a building or buildings at the North Lynn Marine Properties (North Vancouver)?

2. Was the cause of the collapse alleged to have been lack of sufficient shear reinforcement in concrete beams?

3. What firm originally held the contract for the construction of the buildings?

4. What firms tendered on the roof reconstruction at the North Lynn Marine Properties and what were the respective tender bids?

[Mr. Pickersgill.]

5. Was the bid of Fort Construction (1962) Ltd. higher than that of others who tendered and, if so, for what reason were they awarded the contract?

6. Was it the National Harbours Board (Ottawa) that let this contract?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The National Harbors Board advises as follows:

1. Yes.

2. Yes.

3. British Columbia Bridge and Dredging Co. Ltd.

4. Tenderer and amount: Reynolds & Pigeon Holdings Ltd., Richmond, $380,000; Steel-Bilt Contractors Ltd., Port Coquitlam, $473,010; Humphrey Construction Ltd., North Vancouver, $488,768; Fort Construction (1962) Ltd., North Vancouver, $499,800; Burns & Dutton Construction (1962) Ltd., Richmond, $565,000; Western Building Limited, Richmond, $599,829.

5. The three lower tenders were not submitted in accordance with the specifications and were therefore not acceptable. The fourth low tender, that of Fort Construction (1962) Ltd., was the lowest tender submitted in accordance with the requirements of the specifications and the contract was awarded to this company.

6. Yes.

POTASH SHIPMENTS THROUGH CHURCHILL

Question No. 1,022—**Mr. Korchinski:**

1. During 1965, to which countries was potash exported and what was the volume in each case?

2. Through which port was the potash shipped in each case?

3. Has any potash been shipped through the port of Churchill and, if so, what was the destination and tonnage?

4. Are there any plans for the extension of potash shipment through the port of Churchill?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Trade and Commerce and Transport as follows:

1 and 2. Information requested is not available as export statistics of potash are not recorded separately.

3. No.

4. Not to our knowledge, although inquiries have been received as to available facilities at Churchill harbour for the handling of potash.

ADVICE ON INCOME TAX FORMS

Question No. 1,026—**Mr. Howe (Hamilton South):**

1. Is the Department of National Revenue offering free advice in the completing of income tax forms and, if so, is this offer being advertised?

2. If there are such advertisements, in which cities and places in Canada do they appear, and in which communications media?

3. What will be the total cost to the government of these advertisements?

Hon. E. J. Benson (Minister of National Revenue): 1. As in former years, the taxation division of the Department of National Revenue is offering free advice to taxpayers on the completion of income tax forms. Each of the 29 district taxation offices across Canada contains an information counter where this service is made available during business hours. Temporary offices are opened during the filing season to serve taxpayers unable to visit the regular offices. Notice of these facilities is given in advertisements.

2. Advertisements were placed with newspapers and radio stations in the following centres: St. John's, Charlottetown, Summerside, Sydney, Halifax, Wolfville, Kentville, Truro, Antigonish, New Glasgow, St. John, Quebec City, Sherbrooke, Montreal, Rouyn, Ottawa, Kingston, Belleville, Penticton, Victoria, Courtenay, Campbell River, Peterborough, Toronto, Barrie, Brampton, Huntsville, Orillia, Oshawa, Midland, Collingwood, Hamilton, Oakville, Brantford, Simcoe, St. Catharines, Kitchener, Stratford, Guelph, Galt, Nanaimo, Duncan, Port Alberni, Owen Sound, Hanover, London, Sarnia, St. Thomas, Windsor, Sudbury, Fort William, Fort Francis, Kenora, Winnipeg, Brandon, Regina, Saskatoon, Calgary, Lethbridge, Edmonton, Vancouver, Prince Rupert, Prince George, Whitehorse.

3. The total cost to the government of these advertisements will be approximately $25,000.

INDUSTRIAL ESTATES LTD.—ASSISTANCE FROM ATLANTIC DEVELOPMENT BOARD

Question No. 1,031—**Mr. Cashin:**

1. Has the Atlantic Development Board given any assistance, financial or otherwise, to Industrial Estates Limited of Nova Scotia or to any company to which Industrial Estates itself has given assistance?

2. If so, who are the members of the board of directors of Industrial Estates Limited?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

1. Yes.

2. Industrial Estates Limited reports that the following persons are now on the board of directors: J. C. MacKeen, Chairman of the board; F. H. Sobey, President of I.E.L.; S. W. Kenney, Vice President of I.E.L.; S. G. Allen, Director of I.E.L.; D. F. Archibald, Director of I.E.L.; R. M. Black, Director of I.E.L.; H. J. Egan, Director of I.E.L.; J. W. Gillis, Director of I.E.L.; W. S. K. Jones, Director of I.E.L.; C. G. MacLennan, Director of I.E.L.; R. G. Urquhart, Director of I.E.L.; B. J. Waters, Director of I.E.L.

SHIP REPAIR SLIPWAY, MARYSTOWN, NFLD.

Question No. 1,033—**Mr. Crouse:**

1. Is a ship repair slipway under construction at Marystown, Newfoundland?

2. If so, is there a financial contribution thereto by the federal government and in what amount?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Not yet.

2. The federal government plans to provide haul-out facilities estimated to cost $1,600,000 as part of an over-all arrangement with the province which provides also for the development of shipyard facilities at this point. Because no haul-out facilities exist in that area and haul-out facilities are required for steamship hull inspections, the federal government is making a contribution for the haul-out only.

GRANT TO WESTERN CANADA RECLAMATION ASSOCIATION

Question No. 1,038—**Mr. Hamilton:**

1. Has the government received a request from the western Canada reclamation association for a grant to aid its educational work on water?

2. Has any decision been made by the government to assist this association?

3. If so, what is the decision?

Hon. J. J. Greene (Minister of Agriculture): 1. Yes.

2 and 3. The request was declined.

HAY CUTTING, WIARTON AIRPORT

Question No. 1,061—**Mr. Loney:**

1. Who was the successful tenderer for the cutting and removal of 24 acres of hay, Wiarton airport, June 14, 1965?

2. What was the amount of the tender bid?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. No bids were received on department's call for public tenders.

Questions

2. The airport manager was subsequently authorized to dispose of the hay crop by whatever means he considered practical. The hay crop was sold to Mr. Morgan Nixon for the sum of $20.

PROCEDURE FOR SUMMONING PARLIAMENT

Question No. 1,066—**Mr. Bell (Carleton):**

1. Is an instrument of advice now used as the technique of advising the Governor General in respect of the summoning of parliament?

2. If so, when was this technique first used?

3. Have all sessions of parliament since that time been summoned as a result of advice tendered by this technique to the Governor General?

4. What was the technique or procedure previously used?

5. Why was the change made?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. Yes.

2. October 7, 1953 for the summoning of parliament on November 12, 1953.

3. Yes.

4. Minute of council.

5. The minute of council was considered inappropriate as a means of advising the Governor General on those matters on which the tendering of advice is the responsibility of the Prime Minister alone and not of the committee of the Privy Council.

PROCEDURE FOR DISSOLVING PARLIAMENT

Question No. 1,067—**Mr. Bell (Carleton):**

1. Is an instrument of advice now used as the technique of advising the Governor General to dissolve parliament?

2. If so, when was this technique first used?

3. In what dissolutions of parliament has the technique been used?

4. What was the technique or procedure previously used?

5. Why was the change made?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. Yes.

2. April 12, 1957.

3. April 12, 1957, February 1, 1958, April 19, 1962, February 6, 1963, September 8, 1965.

4. Minute of council.

5. The minute of council was considered inappropriate as a means of advising the Governor General on those matters on which the tendering of advice is the responsibility of the Prime Minister alone and not of the Committee of the Privy Council.

[Mr. Byrne.]

REVISION IN BACON PACKAGES

Question No. 1,076—**Mrs. MacInnis (Vancouver-Kingsway):**

1. Has the Consumers' Association of Canada, since 1959, been asking for a package that will allow consumers to see one whole slice of bacon and the distribution of fat and lean at the time of purchase?

2. Did the government in February, 1965, ask meat packers to revise their packages by January 1, 1966, to remove any element of deception and, if so, was the deadline extended to May 1, 1966 and for what reason?

3. Will the government on May 1 insist on a paskage that will permit consumers to see one whole slice of bacon at the time of purchase?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Yes.

2. Yes. The deadline was extended when it was learned that it was not possible for the packaging industry to supply sufficient new bacon packages by January 1, 1966.

3. On and after May 1, 1966, the Department of National Health and Welfare will insist that all bacon shipped by meat packers is contained in packages which are not deceptive. It is considered that the requirements of the Food and Drugs Act will be met if the window area is at least two thirds of the length of the package, permits the consumer to see the full width of a slice of bacon and the package is not deceptive in any other way.

MEMBERS OF EASTER ISLAND EXPEDITION

Question No. 1,081—**Mr. Forrestall:**

1. What were the names and official positions of every person who comprised the Easter Island expedition, other than members of the Canadian forces?

2. Did any person or persons join the expedition in South America and, if so, in what capacity and under whose authority?

3. What was the cost, approximately, of this expedition?

Hon. Paul Hellyer (Minister of National Defence): 1. Dr. Stanley C. Skoryna, Expedition leader; Dr. Morton E. Alpert, Epidemiology; Dr. Peter Beighton, Medical examinations; Dr. Armand Boudreault, Virology; Dr. Garry S. Brody, Medical examinations; Dr. John L. Cutler, Epidemiology; John A. Easton, Air Vice-Marshal (Retired), Deputy director in charge of physical plant; Mrs. Anna Maria Eccles, Interpretation; Dr. Ian E. Efford, Biology and ecology; Dr. Bjorn T. Ekblom, Physiology; Dr. Harold C. Gibbs, Parasitology;

Dr. Einer T. Gjessing, Physiology; Dr. T. Colin Gillingham, Catering; Mrs. Isabel Griffiths, Interpretation; Miss Carlotta Hacker, Research assistance; Dr. John Mathias, Biology; Dr. Robert J. Meier, Anthropology; Mrs. Cleopatra Montandon, Sociology; Dr. Denys Montandon, Medication examination; Dr. David A. Murphy, Medical examination, veterinary medicine; Mr. James H. Nielsen, Physiology; Dr. Georges Nogrady, Bacteriology; Dr. Helen E. Reid, Medical examination (paediatrics); Dr. Maureen Roberts, Medical examination (paediatrics); Mr. Archibald Wilkinson, Radiography; Mr. Carl Mydams, "Life" photographer; Mr. R. Williams, CBC Halifax; Mr. H. J. Lemieux, CBC New York.

2. Six of the above members of the expedition joined it at San Juan. 1 Chilean scientist joined at Balboa and 2 Chilean medical students joined at Callao. A McGill University information officer joined it at Balboa on the return trip to assist in preparing the expedition's report.

3. As this expedition was not sponsored by the Department of National Defence, the cost is not available to us.

PERMISSION TO TABLE CORRESPONDENCE ON HEALTH SERVICES CONFERENCE

Question No. 1,084—**Mr. Douglas:**

1. Has the government of Saskatchewan asked permission from the government of Canada to table in the Saskatchewan legislature all correspondence between the government of Saskatchewan and the government of Canada since June 1, 1964, regarding a federal-provincial conference on health services?

2. If so, on what date was the request made?

3. Has approval for the tabling of this correspondence been granted by the federal government?

4. If so, on what date was approval granted?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Yes, for certain stated correspondence.

2. February 22, 1965.

3. Yes, except that permission was not granted for tabling of confidential notes and an interim report.

4. March 1, 1965.

PERMISSION TO TABLE CORRESPONDENCE ON LIGNITE COAL STUDY

Question No. 1,085—**Mr. Douglas:**

1. Has the government of Saskatchewan asked permission from the government of Canada to table in the Saskatchewan legislature all correspondence between the premier of Saskatchewan or any minister and the government of Canada since May 22, 1964, regarding a joint study of the utilization of Saskatchewan lignite coal?

2. If so, on what date was the request made?

3. Has approval for the tabling of this correspondence been granted by the federal government?

4. If so, on what date was approval granted?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. Permission was requested for the tabling of the following two letters: (a) Letter of July 24th, 1964, from the Prime Minister to the premier of Saskatchewan concerning a proposed meeting of federal and Saskatchewan officials to discuss the developing and marketing of electrical energy from lignite coal. (b) Letter of September 16th, 1964, from F. A. Milligan, assistant secretary to the cabinet, to Dr. J. J. Moore in the office of the premier of Saskatchewan, concerning a proposed deferment of the meeting of officials.

2. February 7, 1966.

3. Yes.

4. February 9, 1966.

ACCESS ROADS PROGRAM, CHAPLEAU COUNTY, QUE.

Question No. 1,092—**Mr. Laprise:**

1. Since the start of the joint program for the construction of access roads to resources, what projects have been undertaken and completed in Chapleau county?

2. What access roads to resources are being constructed at the present time and when will these projects be completed in each case?

3. Are there any projects under study at the present time and if so, what are they?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): 1. (a) Amos-Matagami road, 118 miles—commencing at the town of Amos and travelling in a northerly direction to Matagami lake and the New Hosco mine. 54 miles completed. (b) Lac Waconichi-Lac Albanel road, 97 miles—commencing at the southerly tip of Lac Waconichi to a point a few miles north of the 51st parallel on the eastern shore of Lac Albanel. 88 miles completed. (c) Chapais-Desmaraisville road, 30 miles—commencing at a point 14.6 miles east of Desmaraisville to a point approximately 27 miles west of Chapais. 30 miles completed.

2. Amos-Matagami road and Lac Waconichi-Lac Albanel road are being constructed at the present time. Completion date determined by provincial schedule. Roads to resources agreement with province expires March 31, 1966.

3. There are no projects under study at the present time.

Questions

DISABILITY PENSION FOR WAR SERVICE INJURIES

Question No. 1,102—**Mr. Mather:**

Is consideration being given to increasing the current disability pensioners' compensation for war service injuries?

Hon. Roger Teillet (Minister of Veterans Affairs): This question refers to a matter of policy and cannot be answered until a decision has been taken.

FEDERAL GRANT IN LIEU OF TAXES, SOUTHAMPTON, ONT.

Question No. 1,103—**Mr. Loney:**

What amount of grant in lieu of taxes on federal property was paid to the municipality of Southampton, Ontario, for the year 1965?

Hon. Mitchell Sharp (Minister of Finance): 1. Town of Southampton, Ontario—1965: $3,044.

CHAMPLAIN MONUMENT, QUE.

Question No. 1,113—**Mr. Dinsdale:**

1. Does the government of Canada have responsibility for the Champlain monument in Quebec city?

2. Was it destroyed by separatist sabotage?

3. Has it been restored?

4. If so, were any changes made in (a) motif (b) wording?

5. If changes were made, what were the reasons for the changes and who authorized them?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. No, the city of Quebec owns and is responsible for the monument.

2. No.

3, 4 and 5. N/A.

LOANS FOR RESIDENCE CONSTRUCTION, RYERSON INSTITUTE

Question No. 1,171—**Mr. Scott (Danforth):**

1. Has the government received representations from students and/or officials of the Ryerson Polytechnical Institute in Toronto, with respect to making that institute eligible for N.H.A. loans for the construction of student residence buildings?

2. If so, what was the nature of the representations, and what was the nature of the government's response?

Hon. J. R. Nicholson (Minister of Labour): 1. Yes.

2. In the representations made on behalf of extending the facilities of the N.H.A. to

[Mr. Pepin.]

cover the financing of residence for students attending Ryerson Polytechnical Institute, the following points were made:

(a) it is becoming increasingly difficult to find suitable accommodation for students in the immediate area;

(b) it is expected that the student body will more than double within the next five years and;

(c) the courses offered by Ryerson play an important role in preparing young people to meet their responsibilities in our technical society and, therefore, similar financing should be available as in the case of universities.

The reply to these representations was that the financing could not be offered under present legislation, but that careful consideration would be given to the recommendations that the act be amended.

POTATO WAREHOUSE STORAGE ASSISTANCE ACT

Question No. 1,175—**Mr. Jorgenson:**

1. Has the potato warehouse storage assistance act been discontinued and, if so, when?

2. Was the program reinstated and, if so (a) on what date (b) how many loans have been granted since its reinstatement (c) to whom were these loans made?

Hon. J. J. Greene (Minister of Agriculture): 1 and 2. The program of assistance in the construction of potato warehouses was discontinued in July, 1962 and has not been reinstated. Commitments made prior to that date have been honoured.

SALES TAX ON ELECTRIC FENCE CONTROLLERS

Question No. 1,189—**Mr. Godin:**

Are electric fence controllers manufactured in Canada subject to the 11 per cent sales tax?

Hon. E. J. Benson (Minister of National Revenue): Yes.

TAX AND DUTY ON FARM ITEMS

Question No. 1,190—**Mr. Godin:**

1. Are the following items subject to the 11 per cent sales tax (a) galvanized trade wire (b) annealed trade wire (c) oiled and annealed trade wire (d) hay baling wire (e) electrical fence wire (f) barbed wire (g) welded mesh fencing (h) farm fencing (i) chain link netting (j) steel fence posts (k) steel farm gates?

2. If the above items are imported, are they subject to the 22 per cent duty?

Hon. E. J. Benson (Minister of National Revenue): 1. (a) (b) (c) (e) (f) (g) (h) (i) (j) (k)—Yes. (d)—No.

The most favoured nation tariff rates of duty (ad valorem) applying to the articles in question are as follows:

Description	Tariff Item	Rate of Duty
(a) Galvanized trade wire	40105-1	20%
(b) Annealed trade wire	40107-1	15%
(c) Oiled and annealed trade wire	40107-1	15%
(d) Wire for hay baling	40922-1	Free
(e) Electrical fence wire—		
bare	40107-1	15%
galvanized	40105-1	20%
(f) Barbed wire	40101-1	10%
(g) Welded mesh fencing, depending on size of wire from which manufactured	40200-1 or 40205-2	12½% 20%
(h) Farm fencing, depending on size of wire from which manufactured	40200-1 or 40205-2	12½% 20%
(i) Chain link netting	40205-3	25%
(j) Steel fence posts	44603-1	22½%
(k) Steel farm gates	44603-1	22½%

CONSTRUCTION OF CUSTOMS OFFICE, VILLE SAINT-PAMPHILE, QUE.

Question No. 1,200—**Mr. Berger:**

Does the government intend to carry out, this summer, a project for the construction of a customs office at the Canada-U.S.A. border at Ville Saint-Pamphile, Quebec and, if so, when will tenders be called?

Hon. E. J. Benson (Minister of National Revenue): Yes. It is anticipated that tenders for this project will be called within the next two months.

QUESTIONS PASSED AS ORDERS FOR RETURNS

AUDITING OF CROWN CORPORATIONS

Question No. 137—**Mr. Caouette:**

1. Which crown corporations are not required to have their financial activities audited by the Auditor General of Canada?

2. What are the names of private auditors, of each of the crown corporations since their creation?

3. What was the remuneration of these auditors?

4. Is it the government's intention to have the financial operations of all crown corporations audited by the Auditor General in the future and, if not, for what reasons?

Return tabled.

SUBSIDIES TO ATLANTIC COAST SHIPS

Question No. 552—**Mr. Barnett:**

1. What, listed by official number, name and terminal and principal ports of call on its schedule of runs, and grouped by owner, managing owner and address, is each of the ships on the Atlantic coasts of Canada, including the St. Lawrence river system from and below the port of Montreal, for the operation of which subsidies are currently being paid through the Canadian Maritime Commission?

2. What, shown as an annual rate, is the amount being paid to each owner or operator for each service or schedule of runs for which he is receiving a subsidy?

3. On which of these ships are motor vehicles transported (a) by being hoisted on and off (b) by being driven on and off?

Return tabled.

BANKRUPTCY SUPERINTENDENT AND TRUSTEES

Question No. 577—**Mr. Nielsen:**

1. (a) What is the name of the person appointed under the provisions of S.3(1) of the Bankruptcy Act as the superintendent of bankruptcy and when was he appointed (b) what is the name of the previous superintendent of bankruptcy, and between what dates did he hold the office and why did he cease to hold office?

Orders for Returns

2. (a) What are the names of those licensed as trustees under the provisions of S.3(3)(a) of the Bankruptcy Act in the following areas: Vancouver, B.C.; Edmonton, Alberta; Montreal, Quebec; Toronto, Ontario; Hamilton, Ontario; (b) when were the trustees appointed in the foregoing instances and, in each case, has a guaranty bond been deposited under the provisions of S.3(3)(c) of the Bankruptcy Act and in what amount?

3. (a) What complaints and by whom have such been made with respect to estates in each of the areas in 2(a) above during the term of the license of each of the foregoing trustees (b) what was the nature of each such complaint (c) by and to whom was each such complaint made (d) when was each such complaint made (e) in each case what action, if any, was taken on such complaint?

4. (a) In the event investigations were conducted in any of the cases in 3 above, when was each investigation commenced and when was each concluded (b) in each case what was the result and the action taken, if any?

Return tabled.

C.N.R. PENSION PLANS

Question No. 846—**Mr. Orlikow:**

1. What contribution has the C.N.R. made every year to each of the C.N.R. pension plans since the plans began and what was the actual date that each contribution was made?

2. What contributions have C.N.R. employees made every year to each of the C.N.R. pension plans since the plans began?

3. What were the total benefits paid out by the C.N.R. pension plans by year and by plan?

4. What amounts were borrowed from the C.N.R. pension plan funds by the company, what was the actual date of these loans, on what dates were these repaid, and what interest was paid on these loans in percentage figures and in actual dollars?

5. Where are the pension funds invested, what amounts are invested, what dates were these investments made, what earnings have these investments made in each year as shown by percentage figures and actual dollars, and on what dates were these investments liquidated?

6. How much money is in the C.N.R. pension fund and where is this money—in cash, investments, loans to the C.N.R., or elsewhere, specifically?

7. Does the new C.N.R. pension plan provide a reduction in the contribution rate of C.N.R. employees and, if so, by how much?

8. Does the new C.N.R. pension plan provide for reduced benefit rates for future C.N.R. pensioners and, if so, by how much?

9. Will this new plan mean that a surplus will be generated in the C.N.R. pension fund when the plan stabilizes and if this happens, is it proposed to raise the rate of benefits at that time without a simultaneous increase in contributions?

Return tabled.

WHARFAGE CHARGES

Question No. 912—**Mr. Keays:**

1. What are the wharfage charges at present in force in Canada?

2. What were they prior to the last increase?

Return tabled.

[Mr. Nielsen.]

RADIO OPERATORS, TRANSPORT DEPARTMENT

Question No. 971—**Mr. Lambert:**

1. How many radio operators of all categories are presently in the employ of the Department of Transport in field positions?

2. Does this number meet establishment requirements and, if not, what have been the annual deficiencies in the years 1963, 1964, 1965 and at the present?

3. What has been the annual turnover of radio operators in the years 1963, 1964, and 1965?

4. What is the scale of pay for the various classifications of radio operators?

5. What are some comparable positions in the public service in so far as pay scales are concerned?

6. What efforts have been made in the last two years to upgrade the position of radio operator, and with what results?

Return tabled.

*EXPANSION OF PARK FACILITIES

Question No. 977—**Mr. Dinsdale:**

Since 1963, what programs have been launched by the government of Canada to expand park facilities to meet the urgent recreational needs of (a) the Canadian population in a day of increasing leisure time (b) a rapidly growing number of visitors to Canada who are making a vital contribution to our booming tourist industry (c) the influx of visitors for Canada's centennial?

Return tabled.

EXTERNAL AFFAIRS

RHODESIA—REPORTED INTENTION TO DELIVER OIL BY TANKER

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, will the Secretary of State for External Affairs tell the house what attitude the government of Canada has taken regarding the Greek tanker which apparently intends to make oil available for transmission to Rhodesia? Has the government of Canada communicated with the Greek ambassador in this connection; is there any foundation for the suggestion that in mid ocean the registry of this ship was changed from Greek to Panamanian, and were any representations made to the Panamanian government?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, there are aspects of this matter which we are now examining, and I prefer to wait until that examination is complete, perhaps some time tomorrow, before giving an answer.

HEALTH AND WELFARE

MEDICARE—REPORTED DECISION TO PROCEED NEXT YEAR

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the right hon. Prime Minister. Press reports indicate that the cabinet has made a decision to go ahead with medicare next year regardless of how many provinces have accepted the federal government's offer. I should like to ask the Prime Minister whether the cabinet has made a decision to that effect, and is the Prime Minister able to announce it at this time?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I cannot at this time make an announcement of policy on this matter, nor give an answer in respect of the aspect referred to by my hon. friend, but I hope to be able to do so very shortly.

UNIDENTIFIED FLYING OBJECTS

REQUEST FOR INVESTIGATION INTO REPORTS

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, I have a question I should like to direct to the Minister of Transport. In view of the increased sightings of unidentified flying objects which are now getting past the point of being funny—a young citizen in my riding is nursing a burn on his hand after touching the antenna of one of these objects, and there are dozens of other reports in southern Ontario—can the minister say whether his department is doing anything about investigating these reports; and would he be prepared to set up a special committee for this purpose in order to satisfy public curiosity?

Mr. Fairweather: Ralph Cowan should be the chairman.

Mr. Speaker: Order, please. In spite of the preamble to the question, I suggest it should be placed on the order paper.

NATIONAL DEFENCE

NEW PAY SCALE FOR AIR FORCE PILOTS

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Has the government put into effect a new pay scale which provides increases of from $300 to $3,000 for defence department aircraft pilots?

Hon. Paul Hellyer (Minister of National Defence): Yes, Mr. Speaker.

Mr. Harkness: I have a supplementary question. Is the minister aware that this is causing very unfavourable reaction among other flying personnel and servicemen generally, who believe it will decrease the effectiveness of the forces and further greatly decrease morale, thus accelerating the decline in the strength of the forces?

Mr. Speaker: Order, please. I do not believe the question as posed can be considered at this time.

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I have a supplementary question. In view of the substantial pay increases for pilots announced Friday last, is the minister considering similar increases for air crew navigators, radio operators and technical officers who will receive nothing extra according to that announcement?

Mr. Hellyer: No, Mr. Speaker. The fact is that the demand for skilled pilots in the civilian economy has so outstripped the demand for other trades that in order to compete and keep in the armed forces the number of skilled pilots we require we have to bring their emoluments closer in line with those of the civilian industry. Other categories referred to by my hon. friend will be considered in the cyclical pay increases which will come into effect on October 1.

Hon. E. D. Fulton (Kamloops): A supplementary question, Mr. Speaker. May I ask the minister whether he really expects that an increase in pay of $3 million accompanied by a decrease of $8 million will in fact keep pilots in the armed forces happy, or should we characterize this as one of the neatest tricks of the week?

Mr. Speaker: Order, please. The hon. member is asking an argumentative question.

Mr. Nowlan: Mr. Speaker, a supplementary question to the Minister of National Defence. Is the minister aware of the violent reaction to the abandonment of the principle of equal pay for equal rank, and is anything being done to alleviate this abandonment of a long standing principle?

Mr. Hellyer: Yes, Mr. Speaker, I am aware of it. It is a principle that had to be abandoned because it is no longer viable.

Mr. Churchill: Your program has broken down.

Mr. Hellyer: It would not help in the future, in any event. There have been certain exceptions in the past. We pay more to doctors and dentists than we do to others holding the same rank. This is because they can command larger remuneration in the civilian economy. The same thing is true of pilots. In making the decision to increase the pilots' pay at this time we reluctantly but knowingly abandoned the principle of equal pay for equal rank because in the technological age in which we live we realize that we have to do this.

Mr. G. L. Chatterton (Esquimalt-Saanich): A supplementary question, Mr. Speaker. Can the minister say whether this action is intended to atone for the short-sighted action in letting 500 pilots go?

Mr. Nowlan: A supplementary question—

Mr. Speaker: Order, please. I suggest to hon. members that a number of supplementary and further supplementary questions have been asked. The hon. member for Digby-Annapolis-Kings.

Mr. Nowlan: Mr. Speaker, I appreciate that there are many ramifications in this change of policy, but this is the last supplementary question I shall ask at this time. Is any consideration being given by the minister to incorporating into their pensions the flying allowance paid to airmen who have not received the basic pay increase, so that despite all the other problems the flying crew will receive pension benefits which include the flying allowance?

Mr. Speaker: Order, please. This is becoming in the nature of a debate and I suggest that no further supplementary questions should be allowed at this time.

Mr. Hellyer: Could I answer that question, Mr. Speaker?

Some hon. Members: No.

Mr. Speaker: Order.

[*Later:*]

Mr. Nowlan: A further question concerning our air force. Since there has been a change in basic pay policy, is the minister considering any change in flying allowances for air crew?

[Mr. Nowlan.]

Mr. Hellyer: There have been considerable changes in policy. I could send the hon. member a copy of the press release which would give him a summation of the changes which have taken place. Some of the other questions he has raised are being considered throughout the summer months in conjunction with the cyclical pay review.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—APPLICATION OF STRETCH-OUT POLICY

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question which I think should be directed to the Minister of Finance, or possibly the Minister of Public Works. Can the minister say whether, in the light of the unanimous resolution of the Prince Edward Island legislature, the government has decided to remove the Northumberland causeway from the list of public works projects which the Minister of Finance announced would be deferred, and whether in fact they will move toward acceleration of this important development?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I was very clear in my statement that the Northumberland causeway was being rescheduled, not deferred.

Mr. David MacDonald (Prince): A supplementary question, Mr. Speaker, directed to the Prime Minister. On Thursday of last week the Prime Minister informed the house that he had received word on this matter from the leader of the opposition in Prince Edward Island. I wonder whether he has also been contacted by the leader of the opposition in New Brunswick on this matter?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, but I received the resolution in question from the premier of Prince Edward Island about an hour ago.

[*Later:*]

Mr. Macquarrie: I should like to ask the Minister of Public Works, in the light of the 10 per cent reduction in expenditure and the minimization of labour useage in the summer, by what magical formula he can predict that the Northumberland causeway will be completed in time.

Mr. McIlraith: Yes, Mr. Speaker—

Mr. Speaker: Order. That question is argumentative.

HATE LITERATURE

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, my question is directed to the Solicitor General. He tabled the report of the commission on hate literature, which report has been before the government for some time, I understand. Is the Solicitor General now in a position to advise that legislation based upon whatever recommendations are in the report will in fact be brought in?

Hon. L. T. Pennell (Solicitor General): I am not in a position to give that undertaking, Mr. Speaker, but I can assure the house that this matter is being given very serious study and I am hopeful that we shall be able to make an announcement in due course.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

MONTREAL—CONSTRUCTION OF HEADQUARTERS BUILDING

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I would like to put a question to the right hon. Prime Minister.

Can he tell the house whether he received, over the week-end, a request from 40 Montreal ecclesiasts that construction be started without delay on the C.B.C. building? Is the Prime Minister in a position to make a statement on the matter?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to reply to that question and a similar one raised by the hon. member for Saint-Hyacinthe-Bagot and the hon. member for Saint-Jacques, who has been camping on my doorstep for some weeks on this matter.

I should like to say that the plans for consolidation of the Canadian Broadcasting Corporation offices in Montreal, by the erection of a building on Dorchester Boulevard East as approved in the C.B.C. capital budget last November will be proceeded with. These plans are not affected by last week's budget statement. It is expected that excavation work will begin this year, 1966, with construction following in 1967, in accordance with the plans.

Inquiries of the Ministry

Mr. Robert Simpson (Churchill): May I ask a supplementary question. Can the Prime Minister say at this time whether the cabinet has decided to provide a sufficient sum of money for the Canadian Broadcasting Corporation to extend service to areas now unserviced, as recommended in the last annual report of the corporation?

Mr. Pearson: Mr. Speaker, that is another subject.

Mr. Speaker: Yes, I suggest this is not a question which should be asked at this time.

HOUSE OF COMMONS

WEARING OF HAT BY MEMBER FOR ATHABASKA

On the orders of the day:

Mr. Speaker: Perhaps at this time the hon. member for Athabaska would want me to bring to the attention of hon. members the hat he is now wearing. I think, according to tradition, possibly hon. members have the right to wear a hat, but I doubt whether that privilege extends to tuques.

An hon. Member: Take your hat off.

Mr. F. J. Bigg (Athabaska): I hope that I have not offended the house by drawing to hon. members' attention the fact that this refers to a centennial project of St. Paul, the foremost town in Canada as far as centennial projects are concerned.

PROTECTIVE STAFF—REPORTED UNSATISFACTORY ACCOMMODATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of National Health and Welfare. Would the minister inform the house whether the provisions of the Department of National Health and Welfare Act or the provisions of the Public Works Health Act are utilized to protect the health of those persons employed in the centre block of the parliament buildings?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker.

Mr. Herridge: Then may I ask a supplementary question. In view of the minister's reply, will he inspect the quarters now occupied by the protective services of this house?

Inquiries of the Ministry

Mr. Speaker: Order, please. I must say that I missed the first question. However, in view of the supplementary I gather that perhaps the question answered by the minister was out of order. I assume that the representations made by the hon. member will be considered by the officials responsible for the situation which he has just mentioned.

[*Translation*]

HARBOURS

MONTREAL—REFUSAL OF PERMISSION TO HANDLE FOREIGN GRAIN

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I wish to direct a question to the Minister of Finance.

Following the meeting he had this morning with other members of the cabinet, representatives of the Harbours Board of Montreal and the president of the executive council of the city of Montreal, could the minister tell us if restrictions with regard to the handling of grain in the port of Montreal have been removed?

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, as the hon. member has said, I had the pleasure of presiding at a meeting this morning at which were present representatives from Montreal as well as some of my colleagues and the heads of government agencies. We had a very frank discussion of the complaints that had been made by the representatives of the port of Montreal. The chairman of the board of grain commissioners was present, and both the Minister of Agriculture, who has responsibility for the board of grain commissioners, and the chairman himself gave assurances that these representations would receive most careful consideration, looking ahead to the future.

My recollection is also that the chairman of the board promised there would be a further meeting at which these representations could be renewed before a decision was made affecting the restrictions.

Mr. Ricard: Perhaps the minister will recall that last year the same assurance was given but subsequently no decision was taken. My question was whether these restrictions would be lifted, and whether the minister could assure us they will be lifted because they are not to the advantage of the port of Montreal.

Mr. Speaker: Order, please.

[Mr. Herridge.]

[*Translation*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, may I direct a supplementary question to the Minister of Finance?

At this morning's meeting was there any question of giving its autonomy back to the port of Montreal?

[*English*]

EXPO '67

USE BY EDMONTON OF "KLONDIKE" THEME

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I direct a question to the Minister of Northern Affairs and National Resources. Is the minister aware of the representations which have been made to the government of the province of Alberta by the Yukon legislative council? If so, does the minister intend to take any action on behalf of the government of the Yukon Territory to enforce the right of that government and the people of the Yukon to the exclusive use of the historical and present resources of the Klondike?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I have received a very great number of wires from the Yukon, some in sulphurous language, concerning the accusation that a theft has been made of the use of the word "Klondike". I must say that I regret the fact that an attempt is being made in Edmonton to use the word "Klondike", but I am reminded that when the Klondike was settled they called part of it Monte Carlo, and that Dawson called itself the San Francisco of the north.

I do not know what we can do in this matter, but I think an appeal has been made by the city of Edmonton to Expo '67 to incorporate something with a Klondike character. I have had the assurance of the Expo '67 people that representations will be heard from the Yukon before any such application is accepted.

Mr. Nielsen: A supplementary question, Mr. Speaker. As the Minister responsible for resource development in the north, does the Minister and his department intend to take any action in support of the government of the Yukon territory in this regard?

Mr. Laing: Mr. Speaker, we may be making certain representations to the city of Edmonton.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I have a question for the Prime Minister. Last Monday, in this the nation's supposedly bicultural capital, British "pop" singer Petula Clark, appearing at the Capitol theatre, sang the first half of her program all in French, and a great many of her audience walked out in protest.

Some hon. Members: Oh, oh.

An hon. Member: Couldn't you get in?

Mr. Kindt: Espousing bilingualism as he does, what punishment does the Prime Minister propose to teach these naughty English Canadians to mind their bicultural manners?

Mr. Speaker: Order, please.

Mr. William Dean Howe (Hamilton South): Mr. Speaker, I would like to direct a question to the Minister of Finance. Is it more than coincidence that the increase in living costs has been referred to as a "Sharp" rise in prices?

Mr. Speaker: Order.

Mr. Grafftey: That is proof we need a holiday.

BREAD

INVESTIGATION UNDER COMBINES ACT INTO PRICE INCREASE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, some weeks ago I asked the Prime Minister whether the government intended to take any action relative to what I described as steep increases in the price of bread. In certain parts of the country the first price increase was 2 cents to cover an allegedly additional cost, and there was a further 2 cents. The Prime Minister said that he would give a full report to the house at an early date. Is he now in a position to do so?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as my right hon. friend knows, a matter of this kind is submitted by the government, when a submission is required, to the director of investigation and research under the Combines Investigation Act. That official, as has been the case in the past, examines the matter, and if he feels that his investigation is required he takes the necessary steps. He is still examining the matter.

Mr. Diefenbaker: How recently was the matter placed before the commissioner of the combines branch, and when was the report made to the government that the matter is still being given consideration?

Mr. Pearson: Mr. Speaker, it was put before the director after my right hon. friend, and I think others, raised the question in the first instance.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question. May I ask the Prime Minister when he expects to get the report from the Economic Council regarding the matter of prices, which was referred to the council by the Prime Minister last year?

Mr. Pearson: Not for some time, Mr. Speaker. I have had a report from the council itself as to the nature of the investigations which are being conducted, and I will be glad to send a copy of the information I have received to my hon. friend or to make a statement in the house about it.

EXTERNAL AFFAIRS

SOUTH VIET NAM—PEACE NEGOTIATIONS BY INTERNATIONAL COMMISSION

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, may I address a question to the Secretary of State for External Affairs. In view of the apparently deteriorating situation in South Viet Nam particularly in the Da Nang area, would the minister inform the house what progress, if any, is now being made in getting the control commission to start some negotiations aimed at bringing about peace in that part of the world?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I wonder whether my hon. friend would look at the statement which I made this morning in the external affairs committee which dealt with this matter. I was reporting, to the extent to which under the circumstances I am able, on the future role of the commission.

The Canadian government feels very strongly that there is a role for the commission, and our discussions with the two other state members of the commission reveal a continuing interest on their part as well.

Mr. Lewis: I appreciate there may be some things which the minister cannot say, but can he inform the house and the country whether

any progress at all is being made in getting the commission into a position where some useful steps may be taken toward a conference?

Mr. Martin (Essex East): My answer to that is, yes sir.

FISHERIES

NORTHUMBERLAND STRAIT—LIMITATION ON LENGTH OF SCALLOP RAKES

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): I have a short question for the Minister of Fisheries on a matter of great importance in the Northumberland strait area, something of which the minister has knowledge. Has the hon. gentleman yet reached a decision on the possible limitation on the length of scallop rakes in the Northumberland strait area?

Hon. H. J. Robichaud (Minister of Fisheries): No, Mr. Speaker, although this question is under very active study at the present time.

Mr. MacEwan: The minister advised me in correspondence that he hoped to be able to make an announcement in this regard early in March. Could he give us an idea when a decision on this question might now be expected?

Mr. Robichaud: There are still a few weeks left before the season opens. An announcement will be made before then.

SHIPPING

USE OF ST. LAWRENCE SEAWAY BY RUSSIAN SHIPS

On the orders of the day:

Mr. J. H. Horner (Acadia): My question is directed to the Minister of Trade and Commerce. Is it true that Russian vessels are now prohibited from sailing up the St. Lawrence seaway for cargoes of grain and other commodities?

Hon. Robert Winters (Minister of Trade and Commerce): I know of no such prohibition, Mr. Speaker.

ADMINISTRATION OF JUSTICE

STEVEN TRUSCOTT—REQUEST FOR INVESTIGATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question either to the Prime Minister or to the Solicitor General. Has a decision yet been reached with respect to the request for an inquiry into the case of Steven Truscott?

[Mr. Lewis.]

Hon. L. T. Pennell (Solicitor General): No, Mr. Speaker, but I expect to be reporting to the Prime Minister very shortly.

AGRICULTURE

INQUIRY AS TO FORMATION OF FARM SAFETY BODY

On the orders of the day:

Mr. P. V. Noble (Grey North): I should like to direct this question to the Minister of Agriculture. Did the minister receive a delegation from the National Safety League with respect to the founding of a national farm safety body in Canada?

Mr. Speaker: Order. I think the question should not be submitted to the minister in its present form. Perhaps the hon. member would like to rephrase it.

Mr. Noble: I have given the minister notice, and I think he is prepared to make a reply.

Mr. Speaker: The hon. member will agree, I am sure, that it is not in order for a member to ask whether a minister has received a delegation or has received representations about certain matters.

[*Later:*]

Mr. Noble: Perhaps I can rephrase my earlier question. Can the Minister of Agriculture make a statement to the house with respect to his attitude toward farm safety in Canada?

Hon. J. J. Greene (Minister of Agriculture): I am all in favour of farm safety, Mr. Speaker.

NATIONAL PARKS

COMPLAINTS RESPECTING OPERATION OF NEW POLICY

On the orders of the day:

Mr. H. M. Horner (Jasper-Edson): I have a question for the Minister of Northern Affairs and National Resources. Having received further representations from the residents of the area of Jasper, can the minister tell us whether the inquiry promised both by himself and by the Prime Minister will be set up to hear representations on national parks policy, and if so when?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): I am sure the Prime Minister can speak for himself, but as far as I am concerned no inquiry was ever promised. I did say, and I think the Prime Minister said too, that the residents of Jasper and Banff would have every opportunity of placing their case before the government prior to the introduction of legislation.

Mr. Horner (Jasper-Edson): When will they get that opportunity?

Mr. Laing: As the house progresses with its work and we get along to the legislation, there will be an opportunity then.

SHIPBUILDING

BRITISH COLUMBIA—APPLICATION OF SUBSIDY TO PROVINCIAL FERRIES

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I have a question to direct to the Minister of Transport arising out of the exclusion of British Columbia vessels from the benefit of the shipbuilding subsidies. In view of the fact that the British Columbia legislature with, I understand, the vociferous support of the Liberal leader there, has unanimously passed a motion requesting that this decision be reversed, I should like to ask whether the minister's heart has been hardened or softened by this action.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, my heart continues to be soft.

Mr. Barnett: Then may I ask when the minister's head is likely to become hard enough to take a fair look at this question?

Mr. Pickersgill: I hope a fair look at this question will be taken soon.

INDUSTRY

STUDEBAKER CORPORATION—CESSATION OF OPERATIONS WITHOUT CONSULTATION

On the orders of the day:

Mr. John Gilbert (Broadview): My question is directed to the Minister of Trade and Commerce. In view of the serious economic and employment problems resulting from the overnight announcement of the Studebaker Corporation that it was ceasing its motor car operation, without any consultation with any level of government—

Inquiries of the Ministry

Mr. Speaker: Order. The hon. member should not put his question in this form. I suggest the preamble he is now using is out of order.

Mr. Gilbert: Then I will put the question. Would the minister give consideration to adding another point to his 12 point code of good corporation behaviour expected from Canadian subsidiaries which would read as follows: "To give all levels of government at least three months' notice—"

Mr. Speaker: Order. That question cannot be accepted.

TRANSPORT

SECOND FERRY BETWEEN NOVA SCOTIA AND NEW ENGLAND

On the orders of the day:

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): My question is directed to the Minister of Transport. Has the minister received the Margeson report on a second New England-Nova Scotia ferry service? If so, what action is being taken to provide a more comprehensive service?

Hon. J. W. Pickersgill (Minister of Transport): This is a question which I do not think I can answer effectively on the orders of the day.

Mr. MacEwan: Nor at any other time.

POSSIBLE FARE INCREASE ON N.B.-P.E.I. FERRY SERVICE

On the orders of the day:

Mr. David MacDonald (Prince): My question is directed to the Minister of Transport. Can the minister tell us whether there is to be any increase, as I understand may be the case, in the fares charged by the C.N.R. on the New Brunswick-Prince Edward Island ferry service?

Mr. Speaker: Order. This question should be placed on the order paper.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. John Loney (Bruce): I have a question for the Minister of Veterans Affairs. I should like to ask the minister whether he has taken note of the question I raised on March 31 concerning an inquiry into the procedure and organization of the Canada Pension Commission by Mr. Justice Wells. Can the hon.

gentleman now inform the house whether the inquiry has been completed and, if so, when the report will be available?

Hon. Roger Teillet (Minister of Veterans Affairs): First, a correction. I am sure the slip was not intended by the hon. member, but the chairman of the committee is Mr. Justice Wood. I do not have a recent report, but I believe the hearings are completed. However, I will inquire and inform the hon. member at a later date.

AIR TRANSPORT

CHANGE IN REGULATIONS RESPECTING AIR CORRIDORS ACROSS ATLANTIC

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): My question is directed to the Minister of Transport. Can the soft hearted minister inform the house whether he has yet received a report of the unanimous vote of the International Federation of Airline Pilots' Associations to reject the recent narrowing of the north Atlantic air corridors from 120 to 90 nautical miles. If so, can he tell the house whether the government intends to take any action in support of this unanimous objection by all the pilots of the non-communist world?

Hon. J. W. Pickersgill (Minister of Transport): I am aware of the representations, but I am not in a position to make any announcement about the attitude of the government.

INQUIRY AS TO REPORT ON CIVIL AVIATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Minister of Transport. Has the minister yet received the Wheatcroft report on civil aviation in Canada, and has this report been made public?

Hon. J. W. Pickersgill (Minister of Transport): I have received from Mr. Wheatcroft the advice which I asked him to give me some time ago. As to whether it would be desirable to make this document public, I shall have to think about it.

Mr. Knowles: Are the terms of this report playing any part in the thinking of the government regarding Air Canada and Canadian Pacific Airlines flying on transcontinental routes?

Mr. Pickersgill: Well, that was the subject matter of the report.

[Mr. Loney.]

EDUCATION

INQUIRY AS TO APPOINTMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. Robert McCleave (Halifax): I have a question for the Prime Minister. Has the government decided to appoint a royal commission on higher education?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker.

COAL

INQUIRY AS TO REPORT ON ASSISTANCE PROGRAM

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): My question was for the minister of mines but in his absence I will direct it to the acting minister. May I ask whether, when the Donald report is received, it will be made public?

Hon. Arthur Laing (Acting Minister of Mines and Technical Surveys): I will take that question as notice.

ADMINISTRATION OF JUSTICE

REQUEST FOR STATEMENT ON PAROLE SYSTEM REVISION

On the orders of the day:

Mr. Reid Scott (Danforth): I wish to ask the Solicitor General a question. A week or more ago I asked the hon. gentleman about a statement promised by his predecessor with regard to government policy on probation and changes in other such fields. In reply he told us this question would be answered during the course of the debate on capital punishment. Does this undertaking still hold, and will a statement be made?

Hon. L. T. Pennell (Solicitor General): If I recollect correctly I stated that the points raised during the debate would be met. The debate is continuing, and if these points are directed to my attention I will undertake to deal with them, to the best of my ability.

TRANS-CANADA HIGHWAY

NEWFOUNDLAND—REPORTED WORDING OF ROAD SIGNS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of

Public Works. Would the minister make inquiries to find out whether the well printed signs along the sides of the trans-Canada highway from one end of Newfoundland to the other reading "Thank you, Mr. Pearson, for this highway" were paid for by the rest of the taxpayers of Canada?

Mr. Speaker: Order.

INDIAN AFFAIRS

COURT DECISION RESPECTING PROVISION OF MEDICAL CARE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, last Friday I asked a question of the Minister of Northern Affairs and National Resources which he promised to take as notice. I asked at that time whether any decision had been made with respect to supplying health services to the Indian native population of this country.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, may I ask the hon. member if he would give us another day.

AIR CANADA

WINNIPEG—REPORT OF INQUIRY RESPECTING MAINTENANCE BASE

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to ask the Minister of Transport whether he has yet received the report of the Thompson inquiry with regard to the air base at Winnipeg and, if so, when the report will be tabled.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the report is being translated and printed, and it will not be presented formally to His Excellency until that procedure has been completed. I hope it will be quite soon.

CRIMINAL CODE

PROPOSED AMENDMENT REGARDING CAPITAL PUNISHMENT

The house resumed, from Monday, March 28, consideration of the motion of Messrs. Byrne, Nugent, Scott (Danforth) and Stanbury:

Resolved, that it is expedient to introduce a measure to amend the Criminal Code for the purposes of

(a) abolishing the death penalty in respect of all offences under that act;

(b) substituting a mandatory sentence of life imprisonment in those cases where the death penalty is now mandatory; and

(c) providing that no person upon whom a mandatory sentence of life imprisonment is imposed shall be released from imprisonment without the prior approval of the Governor in Council.

And on the proposed amendment thereto of Mr. Gauthier.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I had hoped that the Prime Minister (Mr. Pearson) or some minister representing the government would have placed before the house and the country the views of the government regarding the abolition of capital punishment.

Mr. Pearson: It is not a government matter.

Mr. Diefenbaker: It is a responsibility of the government constitutionally even though the vote is to be a free vote.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I am surprised that the Prime Minister takes such an attitude. Apparently he has not looked up the constitutional position which places upon the government of Canada now in office the responsibility of stating to parliament the views of the government.

Mr. Pearson: Mr. Speaker, may I ask the right hon. gentleman a question on that point at the beginning of his remarks? Did he put the views of his government on record when the McGee capital punishment bill was being discussed?

Mr. Diefenbaker: I have the floor, Mr. Speaker. Apparently the Prime Minister has not looked up the constitutional proprieties again.

Mr. Pearson: When did you speak on it?

Mr. Diefenbaker: His interruption seems to indicate that he can get along all right while he is making up his mind but where he gets into trouble is when he finally makes it up.

Some hon. Members: Shame.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: The Prime Minister says that it is not the responsibility of the government, so I begin at once by pointing out to him the fact that constitutionally it is required of the government to make clear its position even though the vote is a free vote. I can understand the difficulty of the Prime Minister because already we have had two

ministers participate, one taking one side and one taking the other, not an unusual circumstance in a government that apparently does not recognize the principle of cabinet solidarity.

I go back to 1956 when this question was before the United Kingdom parliament by means of a private member's bill, with the government allotting time for its discussion, and I point out that on July 9, 1956, the then Lord Chancellor, Lord Kilmuir, stated:

> Her Majesty's Government are clearly and unequivocally of the view that capital punishment must be retained. I endorse fully today what my right hon. and gallant friend the Home Secretary has said in another place about the dangers of this bill. However, I have said that this will be a free vote and I do not withdraw from that statement in any way. The government do not expect or wish that any noble lord should speak or vote against this bill out of a sense of loyalty to the government and least of all from party feeling. At the same time—

Here is the constitutional practice in the mother of parliaments, the constitutional practice which we follow here under the British North America Act:

> —no government with any sense of responsibility could abstain from expressing their view on such an important matter.

Then also there is the reference to what was said in 1956, when the matter was before the House of Lords, by the Marquis of Salisbury:

> Of course, the government have their own view and I think it is right they should have their own view. That view was stated to Your Lordships yesterday by my noble and learned friend the Lord Chancellor. That was the position in another place and that is the position here.

In other words, there must be a declaration by the government as to its attitude regarding a bill of this importance even though there is a free vote. That was the course followed in the previous presentations in the British parliament.

You will recall, Mr. Speaker, that the matter came up for the first time in recent years in 1948 when a British House of Commons which had a Labour majority passed through all its stages a bill to abolish capital punishment. At that time it was done against the advice of the government. The government made its stand very clear in 1948 in that even though there was going to be a free vote the Labour government of that day was opposed to abolition.

The same thing happened under the Conservative administration in 1956. A predominantly Conservative British House of

Commons passed through all its stages a bill to abolish capital punishment, and in the house at that time it was made clear by the government, through the intervention of the Home Secretary—who had the responsibility for considering the death penalty and recommending to the Crown whether or not there should be a reprieve—that the government's attitude was against abolition. That was the attitude of the Home Secretary in particular, who was responsible for the protection of the public.

We in the Canadian parliament are in a strange quandary in this matter. Constitutionally the government should make its view clear and it has not done so. It has put forward two ministers, each of whom has expressed diametrically opposing views, instead of following the constitutional practice whereby the government decides on its views collectively and then follow those views.

The Prime Minister may say, "Well, I have made my view very clear." In that connection one has only to go back to what happened on May 24, 1961. At that time, on third reading of the motion by the hon. member for Kamloops (Mr. Fulton) for amendment of the Criminal Code on the question of capital and non-capital murder, the Prime Minister of today did not vote. The only time he voted was on an amendment proposed by one of the opposition members to the effect that the matter should be referred to a special committee for the purpose of further study and examination and that such select committee should have the power to send for persons, papers and things. On that occasion the present Prime Minister, then leader of the opposition, voted in favour of the question being submitted to a committee, and when it came to third reading on June 6 he did not vote.

To begin with I point out there can be no question that constitutionally the government should have made its position clear on this matter.

Having said that, I now come to deal with the matter that has been before parliament on a number of occasions. I say to those who sponsored this resolution that they individually and collectively have made a worthy contribution to a problem that is of transcendent significance.

• (3:30 p.m.)

I recall my college days when we debated this question at the university. We had a mock parliament which dealt with the question. It had come before parliament eight or nine days earlier and in those days *Hansard* apparently was not produced within a matter of 15 hours. We dealt with this question because it was being dealt with in parliament. In every generation there are leaders in the thinking of a nation who take stands which are not always popular. I find that the greatest exponent of all throughout the years was a Liberal member from Montreal, the late Robert Bickerdike who represented Montreal-St. Lawrence. He brought bills before the House of Commons on three occasions, first in 1914, again in 1915 and finally in 1917.

In his day Mr. Bickerdike was a leader in support of a matter which to him was one of conscience. He did not receive widespread support. It is interesting in retrospect to review the attitude taken by the then leader of the opposition, Sir Wilfrid Laurier, who did not give support to Mr. Bickerdike's claim that capital punishment should not apply to women and children. It is also interesting to note that a man who was to become prime minister of Canada, Arthur Meighen, expressed himself as believing that even though a certain convicted murderer was only 16 years of age—and I now quote his words—"it might well be that the case would show there should be no restriction in its application merely on account of age". In other words, the thinking of the individuals and the thinking of the leaders in parliament has greatly changed in a period of 50 years.

The debate has been a worthy one. We are not here for the purpose of converting anyone. I speak not as Leader of the Conservative party; I speak here as an individual expressing conscientous views which have become intensified with the passing years in reference to this problem. It has been an excellent debate; there has been an expression of the feelings of individuals in respect of a problem which has exercised the minds of men for many generations.

I do not intend to speak in an emotional way. When I look over the law reports I find there are six reported cases in the Supreme Court and in the various appeal courts in which I appeared. I have appeared as counsel for the accused in twice that number and more. When I was prime minister about 62 cases came before the cabinet which were given consideration.

I wish to give the house and the country some indication of my reaction both in my capacity as a counsel in the courts and also as one who had the responsibility of administration. All of us realize the awful problem we face; all of us have reasons for making clear our individual views. Mine, in summary, were expressed many years ago by John Donne when he said, "Any man's death diminishes me because I am involved in mankind".

Every generation has looked forward to the day when the killing of mankind in war would be done away with. It is a strange commentary on man when it is realized there are only two species on the earth that wage organized war, men and ants. So far as the ants are concerned, anthropologists say they cannot be changed. Man always has hoped that the message of Nazareth would become the embodiment of principle for all mankind.

We have war. We also have the taking of human lives by individuals. I said that the thinking of people has changed. I have read every debate which has taken place in the British parliament from the days when Sir Samuel Romilly in 1810 introduced his motion on the subject of capital punishment. I have read the several reports of the various commissions. I have read the literature of the last ten or 12 years on this subject. I have seen the change in the thinking of men and women everywhere. Can you imagine in 1810 the Lord Chancellor of the United Kingdom or the Lord Chief Justice coming out for abolition of capital punishment? The Lord Chancellor spoke and said it was necessary to maintain capital punishment for the theft of five shillings or more to preserve property. He said: If we ever abolish executions for theft, we will have destroyed the right of human beings to acquire and add to their wealth. In 1965 the Lord High Chancellor of the United Kingdom, Lord Gardiner, came out unequivocally for abolition.

• (3:40 p.m.)

Lord Parker, the Lord Chief Justice and one of the great counsels of Britain, came out in favour of abolition with one proviso, that life imprisonment be in fact interpreted in its literal sense. The Lord Chancellor said:

—when Samuel Romilly started this he did not know what the result of abolishing capital punishment was going to be, here or elsewhere, because it had not been done, and he never used more than two arguments—namely, first, "You think crime

will increase if you abolish it, but it will not, because, you see, the great deterrent to crime is not severity of punishment but certainty of conviction, and you will find the conviction rate will go up". Second, he said, "We all underrate the effect of the example set by the State". I have always been convinced that he was right, and I have agreed with John Bright when he said, "A deep reverence for human life is worth more than a thousand executions in the prevention of murder. And it is in fact the great security of human life. The law of capital punishment, while pretending to support this reverence, does in fact tend to destroy it.

That quotation is taken from the Parliamentary Debates of the House of Lords, July 20, 1965.

When anyone says that he who expresses that view has not an appreciation of history, let me remind him that the Lord Chancellor of the United Kingdom, with his vast experience and having behind him the tradition of hundreds of years in the administration of justice, the cornerstone of which in the United Kingdom has been the capital sentence, has taken that view. One begins to realize the change that has taken place.

I start with certain basic principles. Society must be protected. From earliest history that has been the view, and I intend to review for a moment something of the awfulness of the punishments which have been exacted for generations.

Mr. Speaker: Order, please. Before the right hon. Leader of the Opposition launches into the main part of his address, perhaps I should seek the agreement of the house to allow the right hon. gentleman to continue beyond his allotted time.

Some hon. Members: Agreed.

Mr. Diefenbaker: From earliest history there has been an acceptance of the principle that the objective is to protect society, to which we have added in modern criminology the objective of rehabilitating offenders. I am not going to rely on statistics because statistics in relation to a subject such as this do not take into consideration the relative differences that exist between regions and individuals.

I am not going to bring out personal matters except to say this. I have followed the tradition of the British bar. In this tradition, in notorious and widely publicized cases great counsel have appeared in the United Kingdom. In this tradition Maxwell Fyffe, finally Lord Kilmuir, the Lord Chancellor, appeared in a frightful, bloodthirsty murder case in the United Kingdom—the "Vampire Murders". The accused was Heath. The tradition in the United Kingdom is that no member of the bar turns down a retainer, however poor the individual may be, provided he is not otherwise engaged.

Some quote Scripture and say it is difficult for a rich man to enter the kingdom of heaven. A cynic would ask whether a rich man, leaving aside the kingdom of heaven, is not virtually secured against a meeting with the hangman on the gallows? It is because of that fact that counsel have followed the course of appearing for the defence. There is no reward in a monetary sense. There is a feeling of satisfaction in the case of a person alone, facing death in the dock, the evidence mounting against him, when, as the evidence unfolds, justice is done.

I do not like personal references. I have followed the stand that poverty must not provide a one-way ticket to the gallows. I do not belong to the school that would permit that it should. No call was ever denied. In 1940, in the middle of an election, I undertook the defence of an Irish woman charged with the murder of her husband, allegedly the leader of a German-American bund. She was acquitted. An appeal was taken by the Crown. Her acquittal was reversed. Again she came back to trial and again she was acquitted.

Do not let anyone tell me that confessions are always to be believed.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I remember once a confession placed before me by counsel which I regarded as final and complete. This man confessed that he had killed a young girl after attacking her. I was called in and spoke with him and he said, "I never did it". I said, "There is your confession in detail. You admit attacking her and you admit killing her. You made the statement freely when you were arrested outside the province of Saskatchewan". He said, "I am not guilty". Everyone knows what one's answer would be in this set of circumstances. However, his picture appeared in the press. A farmer living between Regina and Saskatoon had employed him for several days prior to and several days after the day in question. He got in touch with me and I in turn with the solicitor of record. This farmer said, "That man cannot be guilty. The crime took place 250 miles away and he could not have gone there and committed the crime. He was working for me not only on that day but for several days before and after."

• (3:50 p.m.)

The crime was committed on a certain date after four in the afternoon when the youngster was returning from school. I saw the accused and he said, "You will not get me involved like this". He said, "You are going to get me in trouble". Do you know what he was afraid of? When he was picked up in Portage la Prairie, Manitoba, he had admitted to this crime because he had stolen $10 from his employer when he left. He said, "If I get into this business I am going to go to jail for theft". I said, "If you don't, you are going elsewhere". The Crown immediately withdrew the charge. He had been committed for trial. He did not stand any chance of acquittal because there was a complete confession. I mention this because so many say there is certainty in confessions. We have an example of this in the United Kingdom. I refer to the Evans case which has been mentioned by one of my hon. friends in the New Democratic Party. I am not going into that case because it is now before a judge for consideration.

From my experience at the bar I say that anyone who says an innocent man cannot go to the gallows is wrong, because I know differently. It is a frightful thing when a man you believe to be innocent and whose attitude is, Don't worry about me, God will not allow it, walks to the gallows and months later the truth comes out. These are the things that exercise the mind and heart of those who from time to time without remuneration act for the defence.

Sir, it is said that the punishment must be in keeping with the offence. Let me go back over the years. Ordinarily I would not take advantage of the consideration of the house in allowing me extra time but I hope on this occasion I may be permitted to deal with these matters. They say we must follow the course of an eye for an eye, a tooth for a tooth, a life for a life. Do they read the rest of Exodus, which made a variety of offences punishable by death? Read Exodus and you will find out. In my opinion horrible punishments do not deter. In Anglo-Saxon England the punishment was boiling in oil. They changed that because oil was costly. Under Alfred the Great they brought in hanging. Women were drowned because it was felt that hanging was indecent in exposing the feet and lower limbs.

The first great abolitionist was William the Conqueror. He was opposed to the death sentence. He said he did not believe in the death sentence and substituted maiming, the removal of arms, legs, eyes and ears. His reasoning was that the trunk must remain alive as a witness of its crimes. We think of Henry VIII and his multiplicity of conjugal murders but do not recall that 72,000 were hanged for stealing during his reign. This did not reduce the number of thefts. Elizabeth, in the name of humanity, said, "I have to bring about a change in the death sentence". There were two varieties of the death sentence in those days. You were either executed on the gibbet by being put in chains and hung up and left until your soul went to its Maker or you went to the scaffold. There you suffocated. Elizabeth said that in the name of humanity a change had to be made and people could not be hung in chains unless strangled beforehand. They said this was necessary. They quoted Scripture.

Sir, these are things that must be looked at in the light of events. They burned people at the stake for the commonest offences. Until the first ten years of the 19th century this was the penalty for treason and in 1812 seven people were sentenced in the following way:

> That you and each of you, be taken to the place from whence you came, and from thence be drawn on a hurdle to the place of execution, where you shall be hanged by the neck, not till you are dead; that you be severally taken down, while yet alive, and your bowels be taken out and burnt before your faces—that your heads be then cut off, and your bodies cut into four quarters, to be at the King's disposal. And God have mercy on your souls.

Did that stop criminal offences? Were those who opposed this type of sentence and brought about a change soft-headed? The trend in history has been more and more to emphasize the punitive and retributive nature of punishment, aside from the question of reform. Now we think of reform. I am trying to cover what has not been dealt with specifically during this debate. How many of us realize that from 1838 to 1858 in Upper and Lower Canada the death penalty was not exacted? For 20 years there was no death penalty. The reason for that was Laurnt and Mathews were hanged in Upper Canada and many more were hanged in Lower Canada following the rebellion and what took place so shocked the public conscience that Queen Victoria refused for 20 years to allow any executions to take place.

Everything was done to get around the difficulty of harsh punishment. In earlier times there was the benefit of clergy. Anyone in holy orders or a clerk did not have to pay the ultimate penalty. It was surprising the number who said they were in holy orders or were clerks. They could not sort them out.

But they finally found a way. It was called the "neck verse" test. Anyone that claimed the benefit of clergy was asked whether they could read Psalm 51, verse 1. If they could not read it and did not have enough education, they were not accorded the benefit of clergy. It was surprising the number who learned how to memorize that verse in trying to get away from the harshness of the law. At one time they tried branding on the left cheek. In 1699 parliament had to decide on this question which was submitted to them:

> The said punishment of burning on the cheek hath not had its desired effect, by deterring such offenders from the further committing such crimes and offences, but on the contrary, such offenders being rendered thereby unfit to be intrusted in any service or employment to get their livelihood in any honest and lawful way, become the more desperate.

• (4:00 p.m.)

They decided branding was not the thing. There were 200 varieties of offences for which you could be executed up to 1810 or 1815. In 1688 there were 50; George II added 30 more; George III added 60 and by 1819 there were 223 capital crimes. Do you know why they did it, Mr. Speaker? They said, if we make the punishment hard enough there will be no offences committed. They had public executions. A gala day was had and everybody came. Everybody enjoyed the festivities.

In Ontario many years ago, they hanged a boy of 16 for picking pockets. While the hanging went on, four people in the audience had their pockets picked. The argument is that hanging is a deterrent, but history does not support that argument. Will anybody say that it was because of weakness that these horrible punishments were changed? The reason was that juries began to seek reasons to acquit. About 150 years ago the theft of five shillings was punishable by death. Many said this punishment was salutary, that it was punitive and above all a deterrent.

I come back to the various royal commissions and I only mention those which have not been placed in *Hansard*. The head of one royal commission, whose views have already been placed before the house, was Sir Ernest Gowers. He spent three years of hard work on this subject in the 1950's. He said that he was a retentionist when he started this study. Read what he says in, "A Life For A Life". He changed his mind. I quote:

> Before serving on the royal commission I, like most other people, had given no great thought to this problem. If I had been asked for my opinion, I should probably have said I was in favour of the death penalty, and disposed to regard abolitionists as people whose hearts were bigger than their heads. Four years of close study of this subject gradually dispelled that feeling and in the end I became convinced the abolitionists were right in their conclusions; though I could not agree with all their arguments, and that so far from the sentimental approach leading into their camp, and the rational one into that of the supporters, it was the other way about.

He changed his opinion. There were three Home Secretaries in a row who changed their opinions, two of whom had been strongly in favour of capital punishment. They changed their views between 1946 and 1956. I refer, of course, to Lord Chuter Ede and Heward Brooke, as well as the incumbent Home Secretary in 1965 these men have studied the problem not on the basis of emotion but on the basis of experience.

What are the arguments? I have read the speeches. One of those who indicated the attitude of many judges was the hon. member for Royal (Mr. Fairweather) in his description of what his father went through. I have known other judges who have had the same experience. If it is a deterrent, Mr. Speaker, why not have public executions? They used to have them. Read the descriptions of Dickens and Thackeray. These things were abolished about 1860. My great grandfather used to speak of attending executions held near Aurora north of Toronto. Everybody went.

Have you ever lived in a small town or a small city in which there has been an execution? Prince Albert today is a place of about 26,000 or 27,000 but for many years the population was around 9,000 or 10,000. On the day of an execution the people are silent. They are filled with awe and are relieved when they see the black flag go up. If execution is a deterrent, let us make it public. It has not deterred in the past.

The arguments for capital punishment as I read them are as follows: First, it is based on the Scriptures. Second, it operates as a deterrent. The third argument is that police forces and custodial workers require its continuance for their protection. The fourth is that some time in the future abolition will be appropriate but not now when crime is on the increase. The fifth is that murder having been committed there is no hope of rehabilitation or redemption for murderers. To me, to you, sir, and to all of us, the Christian religion is a religion of redemption, of compassion and of mercy. I have no sympathy for murder. I do not forget that an innocent person has been obliterated by the wrongful action of another.

When they come to quote scripture to me I ask them, where do you begin and where do you end? A moment ago I mentioned the Judaic principle in Exodus where the following are capital crimes: striking or cursing one's parents, slave procurement, a fatal attack by an ox, witchcraft and sacrifice to any god other than Jahweh. Then Leviticus added adultery and Deuteronomy added criminal assault in a city, a rebellious son and an unchaste bride.

In the southern United States from 1830 to 1860 my religious denomination argued that slavery was necessary and that it had received the inspiration of divine scripture. In the argument in the book entitled "The Death Penalty" this appears:

> The issue of slavery will serve as a clarifying illustration. By a proof text method, there is no direct Biblical warrant for the abolition of slavery. It is clear to us when we take the position that we are striking back at the spirit, and slavery is unjust and evil.

Canadians conceal their pride in their country. We do not boast about it. How many of us pridefully point out that it was here in Canada that slavery was abolished for the first time in all the western world in 1803? It is an amazing record. It was 40 years before it was abolished in the United Kingdom and many more years before it was abolished in the United States. The argument that slavery was divinely appointed was still used in the days of Webster, Choate, and the other giants of the 1830's and 1840's.

• (4:10 p.m.)

Let me deal now with these various arguments, Mr. Speaker. So far as the religious argument is concerned, I am not going to get into a theological discussion at all; I am not qualified to do that. I also realize what are the consequences of a lawyer trying to interpret the Scriptures. We lawyers recall very well some of the descriptions of us in the New Testament. But I say that the doctrine of an eye for an eye, a tooth for a tooth and a life for a life, if carried out literally, would mean that nobody would have eyes to see with; and there would be nobody with teeth. That was the view expressed by one of the Lord Chancellors of the United Kingdom.

Is capital punishment a deterrent? There is a strong feeling widely held that it is, though there is no proof in any statistics I have ever read. It has been argued that if capital punishment is abolished there will be an increase in the number of murders. The United Nations report of 1962 came to the conclusion that there has been no notable rise in the number of murders.

May I interpolate at this time that one of the best pieces of work ever produced on this subject since I have been in parliament is the recent White Paper on capital punishment. Whoever prepared it gave both sides in a way that could not but be beneficial to all of us.

If capital punishment is a deterrent, Mr. Speaker, then why is it that since 1956, when the United Kingdom divided homicide into capital and non-capital murder, there has not been a percentage increase in either category? Their system of dividing murder into capital and non-capital murder has produced some of the most extraordinary anomalies that could be imagined.

For example, if an old woman is criminally assaulted and during the course of the assault is killed, the assailant would be charged with non-capital murder. If a little girl is criminally attacked and she dies, that would be non-capital murder. But if her assailant picked up a sixpence which she had dropped the crime would then become capital murder. That is the danger of dividing.

We also introduced a division in 1961 when the hon. member for Kamloops as minister of justice introduced legislation to provide for a division between capital and non-capital murder. Some say that this division has not had a fair chance to work. It certainly brought about a decrease in the number of capital cases. But the other day I was amazed to read that a Supreme Court Justice in Ontario—his name I am not going to mention—trying a case of capital murder, when told the accused would like to plead guilty to non-capital murder, said he was not going to waste time trying him on a capital murder charge because he would be reprieved in any case by the present government.

When I asked at the beginning what was the stand of the government on this issue I did so in regard to the constitutional responsibility. I now say that the manner in which there has been a disregard of the law in the last three years by the executive has brought about the abolition of capital punishment in this country by executive order. There is no other conclusion. I say that Her Majesty's ministers ought not to break the law. They ought not to have authority to override it, except where the exercise of mercy becomes appropriate, any more than the Supreme Court of Canada or any of its judges have jurisdiction over what happens

in parliament or over discretion exercised by a government of Canada or any of the ministers of that government in their decisions.

I argued the only case ever argued, Mr. Speaker, on a question of mandamus against a minister of the crown in 1940 in order to compel a minister of the crown to carry out the law. The citation is Stewart and Swain and it is the only case on the point in the Commonwealth except for one in India. I went all the way, Mr. Speaker, in that case. You as a lawyer know that the time to win is the last time, and I lost in the Supreme Court of Canada on a division of the court. When I make the statement as to the power of a Supreme Court Justice or the Supreme Court over parliament, I make it advisedly from the constitutional standpoint.

The Lord Chancellor of England, Lord Gardiner, examined very carefully the question whether or not dividing murder into capital or non-capital murder made any difference. We know who commits murder—the insane, the emotionally disturbed, those filled with narcotics or alcohol.

There are two other classes. Those who want to be in the news are one. I have talked to them. "Am I in the papers", they ask. They have a strange complex which politicians understand possibly better than others; but frequently in the mind of the person who commits homicide is an abiding desire to have a status of his own.

Mr. Nielsen: To be in the noose.

Mr. Diefenbaker: Yes, to be in the noose. The second class is the professional criminal. With regard to those who are insane or emotionally disturbed through alcohol or narcotics, I cannot see any deterrence in capital punishment. As far as the other two categories are concerned—professional criminals and those seeking recognition—I have never acted for them but I am told that they believe they can win. And they have some reason to believe this because only one out of 16 murderers ever goes to the gallows. That is the experience in the United States and Canada over a period of 40 years.

I said a moment ago that if capital punishment is a deterrent the deterrent should be public. I am not going to read the words of the authors to whom I referred earlier, but I do intend to read what has been said in the United Kingdom in regard to the deterrent effect of the death penalty in respect of those offences which are still capital offences. This is the conclusion arrived at by one speaker in the House of Lords debate:

> In the period from January 1, 1952 to March 20, 1957, when the Homicide Act came into force—

Up to that time the penalty for both capital and non-capital murder was death.

> —the annual average percentage of murders that would have been non-capital if the Act had been in force was 85.6 per cent; the corresponding percentage for the period from March 21, 1957, up to the end of last year is 86.5 per cent.

So I ask, Mr. Speaker, where is the deterrence? Murder was divided into capital and non-capital murder, yet the percentage remains almost the same. That was the view taken not only by those to whom I have already made reference but also by the Gowers Commission. The Lord Chancellor summed it up in this way:

> I do not see in those figures support for the argument that the death penalty operates as a deterrent.

• (4:20 p.m.)

Statistics do not prove it. Experience does not prove it. Because we accept ourselves as being rational persons, all of us would feel frightened. Nobody commits murder if he possesses the mentality which you and I have at the moment.

The next argument is that we must protect police officials and custodial officials. I believe this. Does the death sentence protect them? Let us look at the record. Professor Sellin has been quoted several times and was recognized as an authority by the Royal Commission in the United Kingdom. The only place where he was not recognized was here in Canada by a committee of this parliament on the question of lotteries and the like. He made a survey of a large number of states in the United States to ascertain whether the existence of the death penalty made any difference in the number of criminals prepared to use lethal weapons against the police. He took all the cities in the six abolitionist states, and the number of attacks was 1.2 fatal attacks per 100,000 of the population. In the 11 death penalty states the rate was 1.3 per 100,000. So there is nothing in that.

In the British Parliament these statistics were placed on the record by Lord Ray. Since 1919 slightly fewer municipal policemen were killed in the abolitionist states than in those states which retained the death penalty. In the case of all the states there was a high rate from the early 20's to the mid-30's and a lower one thereafter. In a recorded total of 77 killings of state policemen in 24 states only

six occurred in the six abolitionist states, and four of these latter states did not record a single killing.

If I felt there should be an exception, if anywhere there were statistics to support it, then much as I would regret doing so I would support an amendment to take into account the danger to police and custodians. In the United States they found out in the course of their examination that the municipal police of 240 cities, 75 per cent from the death penalty states, did not believe there was any connection between the death penalty and the use of lethal weapons by criminals. Finally, when this exception was moved in the United Kingdom it was turned down by both houses of parliament, as all hon. members know.

Let us examine the record. Who would you think would be able to give the best evidence in this connection? Who but the wardens of these institutions in which executions take place? I refer to page 242 of "The Death Penalty In America", reporting the results when the wardens are asked specifically to determine the effect of the death penalty so far as police or custodial officials are concerned. Would hon. members not think that these people who have the responsibility for executions and for the custody of individuals who have been reprieved would hold strong opinions? The official views presented and analysed were collected. The responses to inquiries mailed to all state prison wardens and four federal prison wardens in the United States—a total of 55—were analysed. What was the answer? The attitude was that the death penalty was not a deterrent, and this answer was an overwhelming one. The percentages clearly showed that those in the abolitionist states had gone as far as to contend that their police officers and custodial officers were in less danger than those in states where there was a death penalty.

This was the finding of the select committee of 1928. Those were the views which were expressed when they stated that no evidence had been received showing that the abolition of capital punishment in other countries had in fact led to the consequences apprehended by the police.

Certainly in the United Kingdom unarmed police officers have a reputation for fairness and integrity which our own have to the same extent, and they would not have abolished the death penalty if they or any of them, including outstanding leaders such as the Lord Chancellor and the Lord Chief Justice, had not concluded that there was no basis for the fears which had been expressed.

What does the Lord Chancellor say? At column 703 of the House of Lords' debates of July 20 last he is reported as stating:

> It is said: Ought we not to protect the police and prison officers? Well, of course we should. Abolitionists are very used to being told they do not think of the police and they do not think of the victims. That is really quite untrue as I know from my own experience.

The Lord Chancellor went on to say that in his own opinion, based on his own experience at the bar and as Lord Chancellor, there was no basis in fact for this fear.

We come now to the next question, the tremendous increase in crimes of violence. The increase that is taking place in Britain, in Canada and in the United States is almost incredible. Everyone has an explanation. I do not say mine is any better than anyone else's. But I know that as a boy, if we got hold of a little paperback about Jesse James—it would not be looked at by a boy today—we would creep under the barn to read it. Today, hour after hour on television pictures of terror and murder, firearms and rapine are seen. No one wants censorship. But there should be a censorship of reason within those institutions. There can be no other embracing explanation for the tremendous increase in violent crime. Guns, weapons, terror—psychologists say they do not greatly influence the minds of the young. It may not influence the minds of the young but, to echo Lord Wellington's description of his troops, "they scare the hell out of me" when I see some of these things. I am using an expression of Wellington's and it is therefore appropriate for parliament.

• (4:30 p.m.)

What is the increase in crime? The increase is so large that it seems almost incredible, some 70 per cent in the United States in a period of 13 years. What about our own country? I have not been able to secure the figures for 1964 and 1965. My staff endeavoured to get them today from the Dominion Bureau of Statistics but they are not prepared yet.

I do not want to read all this into *Hansard*, but I have a statement here compiled by D.B.S. and I am going to ask leave to put on the record the portions that are not in ink. The inked parts were placed on it by my office, but I shall give the figures in round numbers.

In 1945, not taking in Newfoundland where crime is always at a very low percentage and

in any event it was not in Confederation at that time and therefore was not part of the picture, there were 41,965 convictions for indictable offences in Canada. That was the last year of the war. In 1946 they increased to 46,939. The next high point is 1954 when there were 47,981. The next high point is 1958 when there were 62,839. In 1961 there were 71,262, in 1962 there were 71,517 and in 1963 there were 78,518. Can you conceive of an increase in the rate of conviction per 100,000 population from 493 in 1945 to 647 in 1963?

Make allowance for the increase in population and what do we find? Each year, almost without exception, there was a tremendous increase. In 1963 the increase was 9.8 per cent over 1962. In 1961 the percentage increase was 10.1; in 1960 there was an increase of 10.2 per cent; in 1959 there was a decline of 6.6 per cent; in 1958 there was an increase of 14.5 per cent and in 1957 an increase of 19.6 per cent, a frightening increase in indictable offences.

Does that mean an increase in murders? This is an interesting fact. The Lord Chancellor in the United Kingdom stressed that he found, as a result of careful examination of all the statistics in the United Kingdom and elsewhere, that the increase in violent crime is not reflected in any increase in murder. Why? The situation in the United Kingdom has become so serious that more than a known 1,000,000 indictable offences are being committed annually compared with 500,000 ten years ago, but there is no percentage increase in murder. This is a particularly striking circumstance when you hear it argued that now is not the time to abolish capital punishment because we are in a crime wave. I repeat that the Lord Chancellor concluded that in no way did this vast increase in violent crimes translate itself into homicide increases.

I have reviewed the picture from a somewhat different angle from that used by other hon. members, all of whom, as I say, have made really worth-while contributions to this very difficult problem. The next question is, when should the House of Commons act? There will always be those who argue that the death penalty should be progressively abolished and ultimately completely abolished but the time is not now. That argument has been advanced over and over again against all changes or reforms in every generation. That was the argument that was used when the question arose whether the death penalty for the theft of five shillings should be abolished.

[Mr. Diefenbaker.]

I have here a record of the debate that took place in May, 1810, when Romilly introduced his motion to abolish capital punishment in certain particulars, including the stealing of goods valued up to five shillings. Mr. Herbert, M.P., a very outstanding man, said:

> We have got to stop people from stealing goods.

Then he used these words:

> If punishments in use are not to be retained what will be substituted for them? Will they introduce the knout from Russia which is, according to the evidence of those who had witnessed its infliction, more horrible than death itself? Or will they revive the practice of nailing ears to the pillory?

Mr. Giddy, M.P., said that he thought sheep stealing was very properly punished with death because:

> —considering the manner in which sheep are fed upon extensive downs, the exposure to depredation and the difficulty of detection, such a severe punishment is necessary for the sake of preserving a vast quantity of wholesome food and warm raiment for human use.

Those were the arguments that were used in 1810. It is well to get the *Hansard* in question because those arguments are being used today for another purpose. I think it was my hon. friend from York South who referred to Chief Justice Ellenborough, and I recall that Lord Eldon, the Lord Chancellor, had this to say:

> I am proud that I left for execution a prisoner who was convicted before me of stealing a horse worth seven shillings as he had a prison record as a regular horse stealer.

Then this was said:

> It was indispensably necessary that offences highly injurious to the community should be punished with forfeiture of life.

Those are some of the views that were held then and which are being advanced again today. When Queen Victoria came to the throne the number of hanging crimes dwindled from hundreds to 15, including wrecking, arson, serious sexual crimes, rioting and robbery with violence. It took 20 years for the remaining capital offences to be reduced to four, and again the argument is being advanced that this is not the time to abolish capital punishment. Let me answer it.

The basis of the argument is that crime is increasing, that we need to maintain capital punishment even though the increase in violent crime does not extend to an increase in murder. On the other hand, if crime were going down those who argue against abolition would say that the reason crime is decreasing is capital punishment and it is not appropriate to abolish it now. That is both sides of the

argument that has been advanced over the years.

As I said earlier, how terrible it is to realize the finality of execution when an innocent man goes to the gallows. It is a dreadful experience. It happens. There have been 73 known wrongful convictions for homicide in the United States since 1893.

• (4:40 p.m.)

Mention was made by one hon. member to my left of the Truscott case. I am not going to deal with that. Let me say at once that had he been 20 years of age he would have been executed. We did not give reprieves for that type of offence. There was not recommendation for mercy. It was a violent offence. It is not for me to say whether he is or is not innocent; I am unable to conclude that. However, I would point out that if perchance he had been 20 years of age and if he is now found innocent he would already have joined that group that marches from innocence to an appointment with the scaffold.

There have been cases in the United Kingdom. There was the James Hanratty case in 1961. I have read the book by Lord Russell on the strong case made in respect of this man's innocence. But he is gone. What about Lord Shawcross, a man with a tremendous capacity as counsel? He was at the Nuremberg trials and at that time, as I recall he was Attorney General. Speaking in the House of Lords he said that he knew of at least one case and possibly two in his experience where it was felt that a man was wrongfully executed.

What about mistakes? There was a mistake in the province of Quebec. I mention that because the matter now is before the people as a whole. I think of Bernard Chartier, a man who was earning $18,000 a year and a good citizen. Chartier was arrested. I have his wife's statement here. He was picked up at his office on September 2, 1965, and the alleged offence was committed in July. He was released after 30 hours of intensive questioning. He was handcuffed wherever he went. On October 22 the Montreal *Star* carried this item:

> Chartier Charged in Death.
>
> Bernard Chartier, 45-year old insurance agent, was arraigned in Criminal Court today on a charge of manslaughter arising from the death of a St. Lambert man following a punch on the head last July.

He lost his job. He was as innocent as you or I. The coroner's jury found that he was not responsible. The Montreal *Gazette* of November 6, 1965 states:

> Crown Admits Error In Manslaughter Case.
>
> The Crown admitted yesterday that it had made a terrible mistake in wrongfully accusing south shore insurance man Bernard Chartier of manslaughter.
>
> The manslaughter charge pending against the 45-year old Chartier was promptly dismissed at preliminary hearing before Judge John O'Mara. The Crown said it had no evidence to offer.

Had this been a capital offence and had he been tried and convicted, what would have happened? His job is gone. He has no recourse; he has no right of action.

By this time, Mr. Speaker, you will have suspected or concluded that I am opposed to capital punishment. It is not from sentiment. I hate murder but I oppose on the other hand the perpetuation of capital punishment unless it operates as a deterrent. The matter has been argued in every generation. If you ask me why I have this view I can do no better than quote the words of the religious denomination to which I belong. The American Baptist convention adopted the following resolution:

> Because the Christian believes in the inherent worth of human personality and in the unceasing availability of God's mercy, forgiveness, and redemptive power, and
>
> Because the Christian wholeheartedly supports the emphasis in modern penology upon the process of creative, redemptive rehabilitation rather than on punitive and primitive retribution, and
>
> Because the deterrent effects of capital punishment are not supported by available evidence, and
>
> Because the death penalty tends to brutalize the human spirit and the society which condones it, and
>
> Because human agencies of legal justice are fallible, permitting the possibility of the executing of the innocent,
>
> We, therefore, recommend the abolition of capital punishment and the re-evaluation of the parole system relative to such cases.

Similar resolutions have been passed in our own country by the United Church. In the United Kingdom the clergy in the Anglican Church regularly in the past supported capital punishment, but they have changed. Many outstanding Roman Catholic leaders have come out in opposition. I want to see this further step taken. We made changes when I was in office, as I have said already. Properly enforced I think those changes represented a tremendous step forward. The house has been generous to me today as always. If you say to me, have you any suggestions, I would reply: so far as the crime problem we now face is concerned, what we need is a national crusade. We need Canadians to be aroused. The

crime rate is increasing six times faster in the United States and very little less in Canada than the population growth.

We need improvement in the methods of crime detection and improved police training. We need a national royal commission on crime. I would like to see a national crime information centre such as has been established in the United States which would have computers to compile data. All the police would have to do would be to ask the machine. I would like to see a system such as has been established in Chicago, called the Citizen Stop Crime card system. More than half a million of these cards have been distributed, and if a citizen sees a crime being committed he calls a number. In two years a great number of crimes have been stopped.

Why are we not taking action? I am not pointing at the government in this regard. Why do Canadians and the parliament of Canada not control the deadly weapons which can be picked up with the greatest of ease? Why do we not take action to prevent these falling into the hands of potential delinquents and the mentally disturbed? How can we meet the upsurge in crime if our police officers are occupied with traffic violations and their time is taken up there? They are chasing parking tickets when they should be chasing criminals.

Sir, what is the alternative? I do not offer the course taken in the United Kingdom of having exceptions made. I already have mentioned those—except a person who murders a prison guard, except a person who murders in the course of furtherance of theft and except any person who murders by shooting or causing an explosion.

• (4:50 p.m.)

All those exceptions were considered in the United Kingdom but were not accepted. I think we have been too lax in letting convicted murderers out of penitentiaries. Some say the average time spent in prison is nine years. I remember one individual who was convicted and spent 18 years behind bars and there certainly was not very much of a case against him. I came into that case after the man had been convicted. He had a low mentality and was not let out at the usual time.

We will have to build safeguards if we abolish capital punishment. Perhaps we should try it for a period of five years. At the same time, our judges should be empowered to recommend a minimum number of years imprisonment at the time of a murder conviction. I know this is a harsh thing to say, but society must be protected. I think there have been about four cases in Canada in the last 20 years where murderers have repeated the crime of murder.

There was a Manitoba case in which a man was convicted of murder. He was finally released after ten years and then he murdered again. There was another case here in Ottawa involving a man by the name of Bertrand who allegedly killed one wife and then killed a second wife before his life came to an end. There was another case in Saskatchewan of a man by the name of Carter who was convicted of murder, released from prison and went to the United Kingdom and there committed another murder. Another case which has been drawn to my attention involved a strangler by the name of Nelson, from Winnipeg who allegedly committed a similar offence in the United States.

I believe that the government should consider providing that following a life imprisonment conviction for murder, a sentence must be at least 20 years. One might consider that as being a denial of reformation but no one can tell me there can be no reformation in a sentence of 20 years.

I once defended a man who was charged with killing his father. I will not mention his name because today he is one of Canada's good citizens. He ended up with a life sentence. He went into prison in 1929 with an I.Q. of about 81. He had only completed grade 3 but while he was in prison he completed grade 12 and became the main operator of the commissariat in a Saskatchewan penitentiary, thereby saving the Canadian Government many thousands of dollars.

After he had been in prison for about 13 years he expressed the desire to join the armed forces. One night during the time we used to sit in opposition indefinitely in this house I went across the chamber and spoke with Mr. St. Laurent about this case. Within a few days he came to me and said that he would have to explain the circumstances. He told me that this man was of low mentality. However, he was examined and he joined the army and rose to the rank of sergeant.

When the war was over he returned, and I will never forget his arrival home in 1946. I went to the doorway and he was standing there. We had some friends in that evening including a judge and a sheriff. This fine chap came in and helped to serve tea and so on and as he left he said, "You have always

treated me like a father". I said, "Do not carry that too far". In any event, he occupies a worth-while position in this country today.

Murderers are not the most dangerous people to custodial and police officers. The most dangerous so far as they are concerned are the mentally afflicted who have been imprisoned for life. We do not hang them even though they are of great and ever-increasing danger to the custodial officers.

I think a life sentence should be at least 20 years imprisonment and that no person should be pardoned or have his sentence commuted until he has served whatever term is believed to be appropriate. If we adopt that attitude I think we will meet with those who have, as honestly as I, expressed the contrary opinion. I am asking the house to give this suggestion a trial. The authorities in Britain do not act in the administration of justice without their eyes wide open. The method of abolishing capital punishment and setting a minimum time for a life sentence is becoming the trend.

In common with every member of the house, as I have already said, I hate the odious, contemptible and awful crime of murder. My feeling toward capital punishment, on the basis of many years' experience at the bar and as a result of having occupied the position as head of the government with the awful responsibility that rests on government in the exercise of mercy, compels me to the view that the bill introduced by these four hon. members deserves the support of this house.

Some hon. Members: Hear, hear.

Mr. John R. Matheson (Leeds): Mr. Speaker, it is my belief that if we think we are sitting in judgment on capital punishment we are deluding ourselves. Social and moral progress, symbolized by this resolution, are standing in judgment on each member of this twenty seventh parliament. As the hon. member for Peace River (Mr. Baldwin) has expressed so eloquently on March 28, the ultimate decision must be made by each one of us in the loneliness of his own conscience.

I deem it a privilege to follow the address we have just heard by the right hon. gentleman who expressed his views, the result of many years of keen, devoted interest to this important subject. He made reference to a quotation from John Donne:

Any man's death diminishes me, because I am involved in mankind.

We can currently pick up a book entitled "The Phenomenon of Man" written by Teilhard de Chardin, wherein he speaks of man's feeling for society and social equality. He says in his book:

For love to be possible there must be co-existence.

We belong to the caring generation. We cannot discuss capital punishment in the impersonal or abstract, for in the impersonal and abstract love dies.

That is why I cannot understand the hon. member for Queens (Mr. Macquarrie) who asks, "What is civilization?—I cannot find it in my heart to equate the abolition of capital punishment with such things as the discovery of America or the invention of the wheel". Nor can I agree with the remarks of the hon. member for Bow River (Mr. Woolliams), who in the course of an address referred to capital punishment as "a lighthouse on a rock". Personally, Mr. Speaker, I do not believe this analogy will prove acceptable to our generation of young Canadians.

• (5:00 p.m.)

As the right hon. gentleman said when summarizing many of the points that were so ably presented in the course of this debate, society has gone a long way. In the past society tried to correct many of its ills by killing off certain of its members. This is the action of the animal kingdom, the natural reaction to a threat. It is a stage in evolution which we see, hopefully, drawing to a close. In the stage of evolution we are entering we attack root causes—I think this was the burden of the conclusion of the right hon. gentleman's address—not the victims of social ills. That, I think, is the real significance of this debate.

It is a fact that as late as 1786, in front of Newgate prison with 20,000 spectators, Phoebe Harris was burned. In 1777 a 14-year old girl was burned for hiding some whitewashed farthings at the instigation of her master. James Cook, a 24-year old bookbinder, was gibbeted in 1832 at Leicester with 32,000 people witnessing his execution. If you look at some of the paragraphs of Blackstone's Commentary you will find that the great Coke—and any lawyer in this chamber will respect his authority—at that time approved, with many appropriate Biblical quotations, the processes of execution for high treason, drawing to the gallows, hanging by the neck, cutting down alive, removal of the bowels, burning of the bowels in the live presence of

the convicted, cutting off the head and quartering the body.

We have moved so far and so rapidly since that time. Looking at the statistics of deaths by homicide in Canada for the period 1926 to 1962 we discover that in the 1930's we felt it necessary to execute a good many people. In 1931, 25 men were executed. This was at the height of the depression when we had a population of about 10 million. We have had no executions since 1962 but in that year, with a population of 18½ million people, only two persons were executed. In 1965, with a population of 20 million people, there were no executions.

What do we find with respect to recent statistics? In my opinion this is significant, and I concur in the comments of the right hon. gentleman that his administration moved clearly and deliberately along a course which I believe is an inevitable one. I agree with the hon. member for Peace River when he said the other day:

> Can anyone really doubt that the end result of these proceedings will be, as in other civilized states, the abolition of the death penalty? Why then should Canada be among the last to act in its abolition?

Those concluding words of the hon. member could well be the last words in this debate. I personally rejoice in the fact that this motion has been moved in the manner it has, attracting support from various parts of the house. I think it is important and imperative that the cabinet and the ministry be free individually to exercise their views on the basis of conscience, as many of them have. I cannot possibly understand the proposition that this should have been a government motion.

The right hon. gentleman during his administration gave leadership in the direction of reform. He points particularly to the year 1961 when murder was redefined. In that year there was no great outcry for a committee; it was a decision taken by the government. But I think, as the right hon. gentleman has said, that a further step forward is appropriate now as a result of our experience in the past.

I was somewhat disappointed by the address of the able and experienced hon. member for Kamloops (Mr. Fulton), the former minister of justice. One had the feeling that, having participated with enthusiasm in a first round of reforms, he was now holding back. I believe his final sentence pretty well sets out the doubt in his own mind:

> I shall vote against the motion, although with great reluctance and with a great deal of uncertainty—

The right hon. gentleman before me has spoken with clarity, conviction and emotion which is the result of certainty. In this connection I think one should look at the history of the previous administration in regard to commutations. In the period between June 21, 1957, and April 22, 1963, a step forward was taken in a certain, clear, positive direction. In that period of time there were actually 66 convictions for murder, with 52 commutations. In 24 of those cases there was no recommendation for mercy from either judge or jury.

During the current administration commencing June 22, 1963, to the present time there have been a total of 20 convictions for murder. In all these cases the death sentence has been commuted, and there was no recommendation for mercy in the case of six. It is true that in the past three years there have been no executions, but I make the comparison that there were six commutations with no recommendation for mercy whereas in the previous administration on 24 occasions there was commutation with no recommendation for mercy from either judge or jury. I do not criticize the previous administration. I say all power to them; they were moving in the direction of such people as La Fayette, Romilly, Koestler, Manz, Simons, Bouzot, Richard, Silverman, Gowers, Voltaire, Rousseau, Camus—

Mr. Monteith: Mr. Speaker, may I ask the hon. member a question?

Mr. Matheson: Mr. Speaker, may I be permitted to complete my remarks. I shall be glad to answer any questions at the end of my speech. The previous administration was moving in the direction of such outstanding American jurists as Clarence Darrow, such historical figures as Victor Hugo, Savigny and Kelsen of Germany, Hume and Bentham of England, Franklin and Payne of the United States.

In our own country there are former members of this house whose views we should respect—I spoke to one of them yesterday—Hon. Frank McGee, who has given positive leadership in this field, Arthur Maloney, Q.C.; G. Arthur Martin, Q.C., and John Robinette, Q.C. These are some of the outstanding experts in Canada. These people have unanimously, without any qualification, refuted the

deterrent value of this ultimate penalty. Dr. Thorsten Sellin speaks of capital punishment in these terms:

> It is an archaic custom of primitive origin that has disappeared in most civilized countries and is withering away in the rest.

Arthur Martin, who started out as a retentionist, adopts the views of Richard A. McGee of the United States when he says:

> I believe that punishment for punishment's sake is and should be repugnant to modern civilized man. Punishment, whether it be the ultimate or the most minor penalty, should be a by-product of society's systems of control and not its central purpose. In this context capital punishment is both unnecessary and irrational.

In 1960 Maxwell Cohen, who has made so many great contributions to Canada and at the present time serves as Dean of McGill University Law School, told us that the arguments for the elimination of the death penalty are statistical, ethical, administrative and broadly human. He said:

• (5:10 p.m.)

> It is not enough to leave the matter to the burdened conscience of a cabinet, a jury or a judge. The law should and can speak for all of us with clarity and compulsion. We have a virtual suspension of the death penalty today in Canada. Let us legalize our convictions.

I am convinced of this nor can I agree with some of the comments I have heard during the course of the debate about how easy it is for some life prisoners to get out. Many serve 20, 30 or 40 years or die in prison. I have made a study of this during the past years, partly because I was fortunate enough to acquire three books of clippings of Robert Bickerdike, a former member of this house who was referred to by the right hon. gentleman. This subject was the preoccupation of Mr. Bickerdike's life in parliament. He was supported by Hon. George P. Graham, formerly of Brockville. These two men made a lifetime study of this matter and gathered together a great deal of valuable material that is only now being supported in a truly scientific way by the research of such people as Sellin, Savitz and Campion. These authorities, Savitz, a sociologist, and Campion and Sellin have produced material that is available to all of us here in parliament but is unfortunately not available to our constituents. Their research puts the case clearly and positively.

Dr. Savitz made a special study of the deterrent effect of capital punishment in Philadelphia. He writes in the Journal of Criminal Law, Criminology and Police Science:

> If capital punishment does indeed deter—deterrents should be most in evidence in the days immediately following the execution and in the locality where the crimes were committed and where the criminal is known.

And as a result of extensive study what does he find?

> We must conclude from the data at hand that there was no significant decrease or increase in the murder rate following the imposition of the death penalty—

Therefore there emerges no pattern that would indicate deterrence.

Donald R. Campion particularly studied the question of danger to police officers throughout the United States with respect to the obolition of capital punishment. He came to this conclusion:

> In summary, therefore, we conclude that the data available to us do not lend empirical support to the claim that the existence of the death penalty provides a greater protection to the police than exists in states where that penalty has been abolished.

I am heartened with the approach that the right hon. gentleman took in this debate. In my opinion it is consistent with some of the wisest comments we have heard in the course of the debate and with the historical approach of the hon. member for Hochelaga (Mr. Pelletier), who made a serious and idealistic speech, and the scholarly contribution from the member for St. Paul's (Mr. Wahn) as well as others. He ended up essentially on a moral or theological note. In my opinion this cannot be overstressed. Mr. Reinhold Niebuhr complains:

> A community may believe, as it usually does, that reverence for life is a basic moral attitude, and yet rob a criminal of this life in order to deter others from taking life.

The Secretary of State (Miss LaMarsh) speaking on March 28th said that there were some crimes, some kinds of murder which "cry out" for the ultimate penalty. The hon. lady was particularly concerned about the effect on children. I am a father and I have quite a few children. I can well picture my feelings if anything came to blight my Wendy or Jill. However, I believe, having spoken to several psychiatrists and psychologists on this subject, that if a man is convicted of some vicious crime against a child the most sensible, logical and reasonable thing we can do with that man is to send him to a penitentiary institution where he will remain under supervision, under close psychiatric study,

where electro-encephalograms and drug therapy will be available. In this way, by fundamental research we will learn a little more about this kind of menace and we might save some other little girl.

I read in the Brockville *Recorder and Times* this heading: "Cowan Would Hang Marcotte In His Santa Suit". I quote from that article:

> Ralph Cowan, Liberal member of parliament for the suburban Toronto riding of York-Humber, says he would have hanged "Santa Claus" murderer Georges Marcotte "on the anniversary of his murder and in his Santa Claus suit."

He speaks for the retentionists. I believe there is no recent case more deserving of hanging than that of this man Marcotte. One obvious fact is that the hon. member for York Humber (Mr. Cowan) does not mind speaking out strongly and forcefully in favour of vengeance. In my opinion this is just not adequate. I do not believe I am unduly squeamish about killing. I do not feel like my deskmate does about boxing or wrestling or violent sports. In fact, if there is a killing in the ring this is one of those things that may happen. I participated in a good deal of killing for a time in the First Division and I saw the victims of my own gunfire. I hated the idea and I have had moments since when, like some of my friends who were bomber pilots, there was a powerful sense of personal revulsion. I do not believe anybody can take pleasure in killing.

It is a cowardly picture I get, when I read the books of Robert Bickerdike, of society taking some creature, deliberately manacling him and bringing him up the stairs to his doom. This is an act which does not dignify our civilization. I think what characterizes the second half of the twentieth century is the universal search for human dignity. Mr. Bickerdike said that if it is wrong for an individual, during a period of mental aberration, to take away the life of a fellow being, what must be said of the state which in cold blood, in calm deliberation and with elaborate preparation, hangs a man on the gallows?

Hon. George P. Graham of Brockville was one of Mr. Bickerdike's keenest supporters. Rev. Mr. Benoit of Montreal put it this way:

> If a man is not fit to live he is not ready to die, and we have no authority for continuing this relic of barbarism.

If we look back only 25 years we will find the finest exemplar of capital punishment who ever lived in the world, and his name was Adolf Hitler. He not only killed people who murdered, raped and pillaged. He also used this convenient device to get rid of all sorts of troublesome people such as those who had from his viewpoint tainted blood and who were not politically acceptable. In my opinion, this is completely contrary to the spirit of religion in its broadest and best terms. I earnestly hope that we may follow the moving injunction of the right hon. gentleman who spoke so earnestly as we move into holy week. I hope we follow the course which I think is the unmistakable course of progress, and will say that this is not acceptable because we respect human life too much.

The degradation of this punishment, Mr. Speaker, is clear, I think, when we look at what it has done to a number of people who have participated—

Mr. Deputy Speaker: Order. I must advise the hon. member that the time allotted to him has expired.

[*Translation*]

Mr. Clermont: On a point of order, Mr. Speaker. The right hon. member for Prince Albert (Mr. Diefenbaker) was given permission to continue. He spoke for one hour and forty-five minutes. If the hon. member intends to continue for several minutes, I object to giving him the right to do so.

[*English*]

Mr. Deputy Speaker: Order. If the hon. member for Leeds requires time to complete his remarks I think he should make that request of the Chair.

Mr. Knowles: Agreed.

Mr. Matheson: I do not consider myself in any way an authority like the right hon. gentleman—

Mr. Deputy Speaker: Order, please. Is the hon. member requesting extra time to complete his remarks?

Mr. Matheson: If I may.

Mr. Deputy Speaker: Does the house give unanimous consent to grant the time?

Some hon. Members: Agreed.

• (5:20 p.m.)

Mr. Clermont: Mr. Speaker, I object. Leave was refused the hon. member for Queens (Mr. MacLean). It has also been refused other

speakers. However, if the hon. member for Leeds wishes to speak for only a few more minutes I will withdraw my objection.

Mr. Deputy Speaker: The hon. member for Leeds.

Mr. Matheson: Thank you, Mr. Speaker. May I put this on the record as a matter of interest. I discovered this extract on reading Robert Bickerdike's diary:

> A warrant was sworn out today by Edith Grimsdale, wife of Arthur Ellis, Dominion hangman, who charges that Ellis committed an aggravated assault upon her by strangling and striking her upon the face. Ellis was also charged in the warrant with threatening to shoot her.

That report was contained in the Montreal *Herald* of July 13, 1922.

Another hangman, one Radcliffe, served as Dominion executioner for 21 years, officiating at 132 hangings. At last his nerves gave way and he became a person who was a menace to himself, his family and society.

According to some of the material which has recently been examined we find that the state of Delaware abolished the death penalty and on December 28, 1961, ten days after restoration of the death penalty, Detective Sergeant William J. Mulrine, white and 49 years of age, killed his wife with a single revolver shot. He was immediately charged with first degree murder. Detective Mulrine had had 20 years service in the police force, and in a discussion with a prominent local minister a few weeks before the murder had expounded at great length his reasons for favouring restoration of the death penalty. It was, he said, a real deterrent and murderers ought to be punished. He said that many members of the police force believed as he did, and he became the first candidate for hanging in that state. I think that substantiates precisely the conclusions of the right hon. gentleman and I must say I completely endorse his conclusion that capital punishment is no real deterrent.

Mr. Monteith: Would the hon. gentleman permit a question? Would he not agree that the change in 1961, which made it obligatory for the presiding judge to ask the jury whether or not they wished to recommend mercy, puts in somewhat different light the figures which he put on the record earlier in his speech?

Mr. Matheson: I think it alters the question, and for the better. I quite agree with the point my hon. friend makes.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am sure that the hon. member who has just taken his seat will forgive me if instead of commenting on his speech I say a word or two about the speech which was made just before he took the floor.

As hon. members are aware, I have had frequent occasion to disagree with the right hon. Leader of the Opposition (Mr. Diefenbaker). I have had occasion to speak critically of some of the things he has done. But I should like to give him my wholehearted commendation on the speech that he made in this House of Commons today. The Leader of the Opposition has demonstrated leadership which I hope will have its effect in all parts of this house.

His clear statement that he is for the abolition of capital punishment is one that I believe the country will welcome. I also welcome his statement that if we are going to abolish capital punishment we should do so, and should not make for any exceptions. At the same time, I think there is merit to his suggestion that if there are some members who feel uncertain about taking this step as yet, it might be in order for the house to consider, perhaps on a unanimous basis, the provision that the abolition be for a five-year or ten-year trial period. In any case, Mr. Speaker, I welcome the speech made by the Leader of the Opposition and I hope it will be studied very carefully during the remaining hours of this debate.

I have had the feeling throughout this debate, Mr. Speaker, that in one sense it has been wrongly described. It has been referred to in the house and in the press as a debate on the abolition of capital punishment. It seems to me that the very opposite is the case. At the present time no hangings are taking place in this country. On a *de facto* basis capital punishment has been done away with. The previous government, the government under the direction of the present Leader of the Opposition, found itself, if I may put it in this way, commuting as many death sentences as it could, with the result that the number of hangings taking place during its term of office was greatly decreased.

Mr. Vincent: What is the position now? There are none.

Mr. Knowles: Since that time the government which came into office in 1963 has commuted or deferred decision on all death sentences. The result is that we have not had

a hanging in Canada since the latter part of 1962. My point is that for about three and a half years capital punishment has on a *de facto* basis been abolished in Canada.

I offer no criticism of the previous administration in regard to the extent to which it used the royal prerogative of mercy, and I likewise offer no criticism of the present administration for having used that royal prerogative, if that is what it has done, in every case. The result has been that for all practical purposes capital punishment does not exist in Canada at the present time.

I know provision is still made for capital punishment in the Criminal Code. It is still part of the law. Technically what this debate may be about is whether or not we should take this provision out of the Criminal Code. But I suggest that in practical terms what this debate is about is whether or not Canada should return to the practice of capital punishment, and I earnestly hope that this will not be the decision of this House of Commons. I plead, and in doing so I think I am expressing the view of abolitionists generally in this house, that we not take a backward step.

I realize there are some who might think it is unfair for me to argue by the use of words that we should not take a backward step. But I call as my chief witnesses in support of the proposition that abolishing capital punishment is a forward step remarks which have been made in practically every speech delivered by the retentionists in this debate. Practically every person who has spoken against the abolition of capital punishment has said that perhaps some day we will abolish it. Perhaps this will some day be the ideal state to reach, but they say we have not yet reached that state. In other words, those who support the retention of capital punishment admit, indeed assert, that in the long run it is something we should get rid of.

As the Leader of the Opposition said this afternoon, Mr. Speaker, every reform which is proposed is met with the argument that now is not the time. This seems to be the argument between the two sides in this debate—whether now is the time to abolish capital punishment or whether the time is at some date in the future.

• (5:30 p.m.)

I would urge upon this house the point that not only is now the time to take the death penalty out of the Criminal Code and out of the law of this country, but I press the point

[Mr. Knowles.]

that if the main resolution now before the house is voted down it will be a case of parliament saying to the government: We want you to go back to the use of the death penalty; We want you to go back to the proctice of capital punishment. In my view this would be a retrograde step. In my view Canadians can stand with their heads held higher if we are not among the nations of the world which are practising capital punishment. I hope the result of this debate will be to confirm the present position and not to go back to the position which was in effect a number of years ago.

I should like to say that in my view this is a question which has to be dealt with, when we come to the various votes, by every member on the basis of what he feels he must do in the light of his own conscience. I am glad that proper arrangements have been made so that the votes to be taken will be completely free. I have seen other attempts over the years to provide for free votes in parliament. Most of them have been unsuccessful, but I believe in this case we have managed to provide a situation in which the vote will be completely free and no member will be committed because of the position which his party may take.

At the same time I believe this issue is so important that it does call for leadership. In the few notes I have in my hand—obviously they were made earlier today—I have two names. I was about to call for leadership on the part of the Prime Minister (Mr. Pearson) and the Leader of the Opposition (Mr. Diefenbaker). As I have already said, I welcome the leadership which has been given today by the Leader of the Opposition and I feel, as he does, that the Prime Minister does have a responsibility to indicate to this house, not only by his vote when the end of the debate comes but during the course of the debate itself, where he stands on this issue as the responsible head of the government.

I can see this situation developing in a very unhappy way. If by chance the main resolution is defeated—I hope it will not be and I daresay that after the speech made today by the Leader of the Opposition its chances of success are even better—if by chance it is defeated I suspect that the majority of the members on the other side of the house will have voted for it and that the majority of the members of the cabinet will have voted for it.

Will not the government of this country be in a most invidious and difficult position if it finds it is faced with a decision of parliament

contrary to the point of view of the cabinet and of the majority of the party which supports the administration? I submit that before a situation of this kind is allowed to develop the government, through the Prime Minister, should indicate where it stands. Even after the Prime Minister had spoken I would defend the right of the members of his party to vote contrary to his position as I would defend the right of members of the Conservative party to vote contrary to the position taken by their leader. I welcome the fact that arrangements for a free vote are complete and satisfactory. But I suggest also that we do need leadership from those who normally give leadership in this house and I hope that before the first vote is taken tonight the Prime Minister will drop his vow of silence and make known his views on this important question.

With respect to the issue of capital punishment itself, it seems to me that while the statistics are interesting—they have been quoted at length and put on the record a good many times—they do not in themselves provide a basis for the decision which each member must make for himself in his own heart and mind. It seems to me one can argue either way and that the tendency is to use the figures to produce arguments springing from one's basic position. I feel the same about the argument that capital punishment is a method of prevention, that it prevents this kind of crime happening because you take out of the way the person who commits it. I do not think these arguments settle the issue one way or the other. By the same token I agree with the hon. member for Prince (Mr. MacDonald) and others who have pointed out that you cannot solve this question by referring to Scriptural texts. You can open the Bible at various pages and get texts which contradict each other. In any case there are a great many of us in this country who have respect for the Bible but who feel it should be presented not in terms of literal texts but in terms of its basic message.

Again, the Leader of the Oposition expressed my view this afternoon when he said that if the religious view means anything it argues for the quality of mercy and for the redeemability of mankind. I think that in spirit and in essence religion has to be taken as being on the side of the abolition of capital punishment.

I feel too that we must give tremendous weight to the fact that mistakes have been made and can still be made. The only person convicted of murder with whom I have talked in recent times is a young man who, so far as I am concerned, could not have committed the crime for which he has been convicted. I welcome the fact that this young man was not hanged. But if a miscarriage of justice did take place, if a mistake was made, here is an example before my very eyes where this horrible mistake might have been made. So it seems to me that all the arguments about deterrence and so on can be used either way. After you have gone through them all you come down to the basic proposition: Is it right or is it wrong for the state—and that means you and me—to take a human life especially in the light of our belief that people can be rehabilitated?

I believe it is not our right to kill and I welcome the statement by the hon. member for Winnipeg South (Mr. Sherman) that every time a hanging takes place all of us are involved in that act. I contend that we have no such right, and because it is wrong I want the chance to vote against capital punishment.

I have one more argument I should like to press. I have a deep feeling that capital punishment, like some other forms of punishment which we mete out, represents a counsel of despair. It is a case of the human race saying: Here is a problem we cannot solve. We do not take this view in the face of certain other problems. When people suffer from illnesses we try to cure the illness by medication or surgery or some other action. When people lack training we train them. When people are ignorant we give them education. When people suffer from incapacities we try to rehabilitate them. But when we come to criminals we suddenly say: There is nothing we can do about this human problem; we shall lock these people up or put them out of the way by applying the death penalty.

• (5:40 p.m.)

I submit, Mr. Speaker, that this is a counsel of despair. It is an admission that we do not know what to do about the problem of criminal behaviour. I submit that because we have the wit and the ability to cope with other human problems we should also cope with the problem of crime and criminal tendencies, and think not in terms of putting people out of the way or in terms of vengeance but in terms of reform and rehabilitation.

Look at the tremendous things we are doing in our society today. We have split the atom. We have got hold of sources of energy

far beyond any imagination we had a few years ago. We are about to put a man on the moon, maybe quite a few of them. We are able to devise computers that can do our work for us and perhaps raise our standard of living. We are having a tremendous explosion of knowledge in the scientific field, in the humanities, in all areas of life.

This is a tremendous age. Sometimes it is pointed out that more is being discovered in our lifetime in terms of scientific knowledge and know-how than was achieved through all the eons of time since people came on this planet. Yet in the face of this explosion of knowledge, in the face of the tremendous capacity which the human race is developing, we say if we have a criminal in our midst all we can do is lock him up or if we have a murderer in our midst all we can do is get rid of him by the application of the death penalty.

I submit that this is not good enough for the human race in this day and age and this counsel of despair is a terrible indictment of our whole approach to the problem. So, Mr. Speaker, I take my stand with those who have come out unequivocally for the abolition of capital punishment. Like the Leader of the Opposition I feel there should be no exceptions but I am willing, and I suspect there are many who will agree with me, to try abolition for a five or ten-year period.

In actual practice we abolished capital punishment three and a half years ago and Canada's name is better because we have done so. If a trial period would make it a little easier I am sure there would be support for such an amendment. But if I may I should like to return to the statement I opened with by pointing out that for three and a half years we have had no hangings in Canada and in the years immediately prior to that we had very few.

The status quo in Canada is one in which capital punishment is just about abolished. This is not a debate to abolish capital punishment. This debate is on the question of whether or not we should go back to it. I submit that the onus of proof is not on the so-called abolitionists but on those who want us to go back to a barbaric practice. I hope in the light of all this we will realize that we have a chance to keep Canada moving forward, and it is for this reason I urge support for the motion for abolition.

[*Translation*]

Mr. Gaston Clermont (Labelle): Mr. Speaker, the subject matter of the resolution before us is very controversial. It has produced a long and heated discussion in which the participants have expressed divergent views.

When the time comes to put to a vote the resolution and the amendments, each hon. member will have to take his responsibilities, because the vote will be free. As for me, I want to start by saying that I am in favour of retaining the death penalty as prescribed by the Criminal Code.

Those who advocate the abolition of capital punishment bring forth various arguments, but I wish to consider only a few.

The first one is that the death penalty does not deter anybody from committing murder or has but a slight deterrent effect and that life imprisonment is just as effective.

In our society, Mr. Speaker, opinions are divided as to the deterrent value of capital punishment concerning murders. I do not think statistics can be used as an argument for or against.

Statistics lend themselves to various interpretations and cannot be depended upon. It is almost impossible to establish a useful comparison between countries because of differences in the legal definition of crimes, practices laid down in public administrations and the courts, methods for compiling criminal statistics, standards of morality and behaviour and finally political, economic and social conditions.

It is impossible to determine the number of people who are prevented from committing a crime by the fear of being hanged. They are careful not to admit it. In any case, such a confession would be suspect. Those are data which do not lend themselves to a valid evaluation. The severe application of the death penalty does not prevent of course the commission of all deliberate murders. That is because murderers count on their cleverness to escape either the police or a conviction because of insufficient evidence. That explains, Mr. Speaker, the trouble they go to not to be recognized. Caught red-handed, they kill the police officers who want to arrest them. In anticipation of criminal proceedings, they do not hesitate to murder witnesses who could have them convicted. That shows that they are terribly afraid of the death penalty.

The arguments which I found most conclusive come from the wishes expressed by most provincial attorneys general and by several authorities responsible for the enforcement of

the law, by police officers and jail guards. They almost all agree that the death penalty is an important and very necessary means of deterring criminals and that it effectively deters from crime; imprisonment or other forms of punishment could not have the same result.

Mr. Speaker, I think it would be unrealistic to say that a sentence to life imprisonment or to a long period of confinement is a sufficient deterrent because, in practice, life imprisonment will not really exist. There will be a tenency to shorten the sentence; people do not remain angry long enough.

Mr. Speaker, we had evidence of that in the case of the prisoner Leopold Dion. I am told that the judge who presided at Dion's first trial had recommended that that prisoner never be paroled. But the authorities deemed it advisable to parole him and you know what happened: four young people and a guard lost their lives.

• (5:50 p.m.)

As I said, people do not remain angry long enough to insist on true life imprisonment or on very long sentences. When a murderer has served a sentence for, let us say 9 or 10 years, people begin to look at the other side of the question, that is the hardship such long confinement has been for the prisoner, and to admit more easily that that man is now a different person from a mental as well as a spiritual point of view and that he should be given the opportunity to return to society.

The second argument I would like to deal with is to the effect that the death penalty is irrevocable. There is no doubt that the hanged man will not recover the life he lost. By definition, any penal sanction is irreparable. Whoever is sentenced to imprisonment will not recover the freedom of which he will be deprived by that sentence. Should all punishments be abolished for that reason? What is meant probably is that the death penalty is too harsh and final. In that case, it is only a matter of degree. How can that degree be established? Is it the rule that the harshness of the penalty must not exceed the seriousness of the crime? Now, the greatest crime of all is to deny one's fellowman voluntarily, and I insist on the word voluntarily, of the priceless gift of life. He therefore deserves the ultimate penalty, death.

Third, that capital punishment might result from a judicial error and an innocent person might be executed. That is a possibility, Mr. Speaker, but very remote and doubtful. It is difficult to give conclusive cases, for it is not enough for someone to accuse himself of a crime for which another was punished to conclude that the latter was innocent. To wit, the Coffin case. Had Simpson been killed, either murdered or in an accident, before recanting his confession, it is easy to imagine what use abolitionists would have made of it. No one would have dared express any doubt about Coffin's innocence. And in spite of Simpson's recanting, are there not some who still believe Coffin innocent?

This is what the joint committee of the Senate and the House of Commons on capital punishment had to say about the possibility of error, on June 27, 1965, as reported on page 63, article 60 of the White Paper on capital punishment:

> Considerable emphasis was put on the risk of irrevocable error in capital convictions. The fact that there was no known Canadian instance of the execution of an innocent person indicated the effectiveness of present procedures by way of trial and executive review and this suggests that the risk of error does not present a reasonable argument for abolition in Canada.

And even when the right hon. member for Prince Albert (Mr. Diefenbaker) pointed out that there had been judicial error, he mentioned the United States and England, but did not point out a single case in Canada. The alleged mistake can only occur when society performs a duty made imperative by the common weal. Individuals and social groups are unable to perform this duty. Therefore, public authorities have no other alternative. I believe, Mr. Speaker, that the manner in which the law is applied in Canada in murder cases provides the required safeguards to prevent an innocent person from being put to death.

In 1961, an amendment to the Criminal Code divided murder into capital and non-capital murder. Incidentally, Mr. Speaker, when the vote was taken on those amendments, I was one of the 17 members who voted against them.

And I too feel, like the hon. member for Kamloops (Mr. Fulton), that since 1961, nothing has been changed in the rehabilitation procedures and other methods used to reform prospective criminals to prompt me to change the opinion I had in 1961 about those amendments.

Capital murder is a planned and deliberate murder committed directly by the accused or on his advice during the perpetration of certain crimes with violence, directly by the accused or on his advice, and when the victim is a police officer or a jail guard in the

performance of his duties, otherwise, it is non-capital murder.

Mr. Speaker, even abolitionists say that only one out of seven persons accused of murder is sentenced to death.

Fourth, that capital punishment is an act of revenge. Mr. Speaker, capital punishment is a just and proper penalty for murder. More than any other penalty, it expresses the revulsion and horror society feels for the most odious of crimes. As retribution, capital punishment must not be based upon a thirst for revenge but it is reproof by society for the odious crime of murder. With time, as a result of capital punishment, a deep feeling of aversion has developed toward murder.

If imprisonment actually consisted of solitary confinement for life, it would be more cruel than death; life imprisonment leaves no hope to the criminal nor is it an inducement to repentance, as is the immediate prospect of the supreme penalty.

Mr. Speaker, it is a fact that no one is interested in a murderer as long as he is at large: it is a police matter. Only when he is brought to justice is sympathy or antipathy felt for him, according to individual dispositions. If an abolitionist were asked why the difference, I think his answer would be: obviously, one cannot feel anything for someone one does not know. I would say this is a good answer. In such a case, how can the lawmaker feel vengeful against future murderers he does not know and probably never will?

As a matter of fact, the question is much simpler. Faced with a wilful murderer, society is in the position of a surgeon before a gangrenous limb. Distressing, cruel though it may be, amputation is required. It would, however, be sheer insanity to claim that the surgeon is seeking revenge against the amputated limb. Society does not seek vengeance; it is simply performing a strict duty to protect its worthy members and to provide for its own security.

While it is true that many would like to do away with capital punishment, many more are in favour of it and accept it. This support reflect the aversion of the public for murder, the "crime of crimes". Likewise, the aversion of the public for murder admittedly reflects a traditional attitude resulting from the fact that this punishment is particularly reserved for this crime. The abolition of a punishment traditionally accepted as a just and effective deterrent could only be recommended if there was definite proof that the ordinary citizen thinks this punishment decidedly ineffective. The experience of other authorities indicates that the abolition of capital punishment when the public is strongly in favour of its retention may lead to doubt and confusion, which is harmful to the administration of justice.

Mr. Speaker, at a time when the state has a long way to go in its fight against crime, more thought should be given to the protection of society than the criminal. There are reasons to think that capital punishment is a deterrent against armed robbery, and the abolition of capital punishment could be interpreted by those who despise the law as a signal for committing other criminal acts.

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: Order. It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be debated at the time of adjournment tonight are as follows: The hon. member for Danforth (Mr. Scott), Housing—consideration of royal commission on urbanization; the hon. member for Vancouver-Burrard (Mr. Basford), Shipbuilding—British Columbia—discussions respecting subsidies; the hon. member for Nicolet-Yamaska (Mr. Vincent), Agriculture—eggs—request for change in deficiency payments.

CRIMINAL CODE

PROPOSED AMENDMENT REGARDING CAPITAL PUNISHMENT

The house resumed consideration of the motion of Messrs. Byrne, Nugent, Scott (Danforth), and Stanbury:

Resolved, that it is expedient to introduce a measure to amend the Criminal Code for the purposes of

(a) abolishing the death penalty in respect of all offences under that act;

(b) substituting a mandatory sentence of life imprisonment in those cases where the death penalty is now mandatory; and

(c) providing that no person upon whom a mandatory sentence of life imprisonment is imposed shall be released from imprisonment without the prior approval of the Governor in Council.

And on the proposed amendment thereto of Mr. Gauthier.

• (6:00 p.m.)

[*Translation*]

Mr. Clément Vincent (Nicolet-Yamaska): Mr. Speaker, it is with a great deal of serenity that I rise this afternoon, to take part in the discussion which is to end tomorrow night, not as a representative of the New Democratic party said a while ago, but by a vote for or against the abolition of capital punishment.

Right away, Mr. Speaker, I must say that I am in favour of retaining the death penalty in our statutes and opposed to life imprisonment, that is, imprisonment until death, and I shall try to give my reasons in the next few minutes.

I do not want to take more than the time alloted me but I would like to say that since the beginning of this debate, and I was here all the time, only one member was refused more time and unfortunately he was in favour of retaining the death penalty.

For a great many years, a public debate has been going on in Canada on the possibility of removing from our statutes the death penalty imposed as punishment to people found guilty of capital murder. Since 1961, the criminal code provides for the death penalty in the case of people found guilty of qualified murder, that is premeditated murder. Since 1961, no one under 18 can be accused of capital murder under the law. Right away, we must eliminate from this discussion the case of young Truscott. Since 1961, any person convicted of capital murder can benefit from an appeal to the mercy of the jury or the judge; he can also benefit from the fact that his case is referred to a higher court and, finally, the accused found guilty can benefit from the fact that in the last resort the cabinet can exercise the royal prerogative and commute the sentence into a sentence of life imprisonment which, in fact, is a sentence of 15, 20 or 25 years.

Someone mentioned a little earlier the case of a man from Longueuil, Mr. Bernard Chartier; I found that case terrible, especially when it was discovered that a mistake had been made. Well, I do not think, Mr. Speaker, that capital punishment is at fault if a man in Montreal was falsely accused of a crime he did not commit. A mistake was made, I do not know by whom, but certainly not on account of capital punishment.

On one side, we have the abolitionists and on the other the retentionists or those who are in favor of retaining the death penalty, as it exists today. The abolitionists favour the abolition of the death penalty in the case of capital murder. When I talk of capital murder, I think of the tragedy at Sault-aux-Cochons.

On that occasion, Guay Ruest Pitre had premeditated the explosion of an airplane, killing 20 of 23 passengers.

There are those in favour of abolishing the death penalty even in the case of the murder of police officers on duty. It happened that police officers were murdered while on duty. The abolitionists tell us that they favour abolishing the death penalty in the case of murders of prison guards. I will not give any examples, because I want to be as brief as possible. And, there are those who favour abolishing the death penalty in the case of murders committed by the underworld or crime syndicates. Recently, we read in the newspapers that the bodies of people killed by the underworld were found in our region. They had been buried four feet underground and covered with quicklime.

There are also those who favour abolition of capital punishment and who, for several months now, have been carrying out a well organized campaign to ensure that their views prevail. Their intentions are good and, in the course of the debate, I have admired the arguments they raised in good faith. On the other hand, those same people accuse us of being barbarians with the poor victims who have to pay the consequences of their premeditated acts. They talk of barbarism and yet those same people who favour the abolition of capital punishment speak of life imprisonment, that is imprisonment till death.

Does that mean that life imprisonment is even more severe a penalty? I said I was against inflicting that punishment upon a human being: You will be imprisoned till death; we are denying you any hope of ever being a free citizen in this land.

When 30 or 40 years behind bars are involved, can you imagine the moral agony of the convict? In many cases, repentance will give way to a deep hatred for society, and anger will seize the convict, drive him to despair and even to suicide. Convicts have been known to commit suicide after being condemned to rather long confinements. When abolition of the death penalty is recommended, to be replaced by life imprisonment, is the condemned really being treated more humanely? Is his freedom not being denied him little by little?

Is that torture not worthy of the barbarians of the era of the Roman empire? I call it refined barbarism. There has been talk also of the immorality of the act perpetrated collectively by all the citizens of a country when the state, for its own security and the protection of law and order, not for the sake of vengeance but rather for the love of the heritage it will bequeath its children, decides to do away with a man found guilty of high treason.

The word "vengeance" was also used.

• (6:10 p.m.)

In the first place, the state, in general, practically ignores the individual it sentences. Any individual revenge is thus avoided. Moreover, the legislation providing for the death penalty is far from being dictated by vengefulness. The best evidence that we can give is this: Has not the state established systematic distinctions between the various types of murders? Has it not reserved capital punishment to only one class of murder?

No. This argument about revenge makes no sense. If someone can assert that the death penalty is obsolete, this argument can be considered as a residue of the last war when such phenomena appeared. Have these phenomena lasted? It is easy to answer. At any rate, if this instrument of the state had proved so superficial, the result of a collective revenge, materially, formally and historically speaking, it would never have survived throughout the ages and all the upheavals known since the first politically-known society.

We would be tempted to kill, still through vengefulness.

Besides we have the retentionists, those who have not made much noise till now, those who work for the retention and who sincerely believe in the protection of society.

Mr. Speaker, speaking of justice, it is said: Justice must be done. But justice must also appear as being done. Well, our society, our people want to be protected. But the people must also have the feeling that they are protected. In my opinion, if the penalty were removed from our statutes now, our society would not have this feeling of being adequately protected.

There are retentionists among all classes of society, all environments, all religions. It seems also that the great majority of the Canadian people is in favour of the retention of capital punishment for certain premeditated murders.

[Mr. Vincent.]

I want to point out now that, in my own riding, I met several persons who were in favour of the abolition of the death penalty, but the great majority is in favour of its retention as it exists since 1961. Thus, if the great majority of the people, as is evidenced by the surveys made in our ridings and throughout Canada, is in favour of the retention of the death penalty, society must have this feeling of being protected by the legislation in our statutes.

Before we come to a vote, which is serious, which is a matter of conscience, which will have a great effect on the social future of our environment, we must ask ourselves the following question: If we remove from our statutes the death penalty provided for those convicted of capital murder, will we have more or less of such premeditated crimes? The question here is not about crimes and their punishment in 1850, 1870 or 1925, when a man could be hanged for stealing a horse or stealing five gold pieces. We no longer have such things today. Capital punishment is exacted only from those convicted—the onus of the proof being on the Crown—in the case of premeditated murder, of high treason or of crime syndicate murders.

It is our duty, as legislators, to take the steps required to keep capital murder at a minimum.

As legislators, we must protect society, or rather society demands our protection. That is what I was asked in the personal letters I have received: to maintain for society this feeling of protection through a law which is written very clearly in the Criminal Code and which may be used in some cases. The members of our society ask us to protect them against those who made a choice and who are the only ones responsible for the application of capital punishment, the criminals.

I put the following question to myself before I vote: "Will the retention of capital punishment in our statute books result in a lower number of capital murders?" And I am convinced, in my conscience, that it will help us maintain the order established in our civilization.

I would go as far as saying I am convinced that by complying with this request to abolish the death penalty, we might be endangering the life in the future, not of the persons guilty of capital or premeditated murders, but of a great number of other persons. I am thinking especially about policemen, prison guards and certain witnesses who might prove embarrassing.

Mr. Speaker, shall we run the risk of exposing the life of hundreds of citizens in order to protect some people who are truly responsible for the death penalty in Canada?

It is said that the death penalty is no deterrent. Let us ask those who commit hold-ups whether they fear the death penalty. I should like to quote from an item published last week in a newspaper of my area about two thieves who broke into a private home and found a woman and a young girl. It reads as follows:

> Armed with baseball bats, the two men wearing hoods, a cap and gloves, struck Mrs. Cournoyer in the face. Miss Cournoyer was severely beaten over the head, the arms, the back and the legs. And throughout the beating, they insisted to know where the money was hidden. Before leaving, the hooded bandits struck the women again warning them not to call police because their days would be numbered.

Did those thieves fear the death penalty? For instance, if one of the hoods had fallen off by accident and the man had feared one of the women could have identified him, would he not before leaving, have done away with such an incriminating witness?

We cannot see it through statistics. It is impossible to see from statistics whether capital punishment prevented someone from committing a crime.

Mr. Speaker, if fear is the beginning of wisdom, I am of the opinion that this deterrent measure or this punishment for a crime against society must remain in our statutes.

Mr. Speaker, today I should like to turn the tables and say this: Those who are really opposed to the death penalty will vote for its retention in our statutes. Personally, if I vote as I am going to vote for the retention of capital punishment, it is because I want to remove the penalty of death at the hands of criminals from my fellow citizens, my brothers and my children, and above all, because I want society to retain the feeling that it is protected by adequate laws.

• (6:20 p.m.)

[*English*]

Mr. Jack Roxburgh (Norfolk): Mr. Speaker, I intended to say a few preliminary words on this question but because of the time I shall deal immediately with the subject of capital punishment. There are two questions I wish to deal with in this connection. First, is it fair to people in all walks of life? Second, through rehabilitation is there something to be gained by replacing capital punishment with life imprisonment?

Before dealing with these two questions may I say that when one speaks of a sentence of life imprisonment and uses the phrase "life imprisonment" it raises the argument, voiced by many, that it will cost too much to keep these people in prison. Believe me, Mr. Speaker, it is extremely difficult to believe that Canadian people have become so dollar-minded and callous in their thinking that they could not care less and are willing to snuff out a life in order to save, so they think, a few paltry coppers in taxes. Actually this argument is totally unfounded. People who think this way forget or ignore the tremendous cost involved in capital trials and their aftermath of appeals, and they do not know the realities of prison life.

Certainly, there may be the odd lifer or prisoner who gives no adequate return to the state in terms of dollars and cents. Let me say here, Mr. Speaker, that most lifers work in prison. They work in the printing shop or in tailoring or clerical work. I should like to point out also that if the prisoners were paid a wage commensurate with their services they would be able to pay the cost of their own maintenance. Since they receive nothing, it is easy to forget that they are a source of financial profit to the institution in one way or another. May I add, Mr. Speaker, that practically any warden will testify to the fact it is from the group of lifers that he draws a considerable number of his most trusted workers.

I come back to the question, can something be gained by the convict and by society through life imprisonment rather than capital punishment? In order to illustrate my point I should like to cite a few cases in which prisoners have been given life imprisonment rather than the death sentence. Let me start with the case of Robert Stroud, a case of a truly life sentence. Robert Stroud, the celebrated bird man of Alcatraz, spent 54 years of his life behind prison bars. About 43 of those years were spent in solitary confinement during which time he was raising and studying birds. Robert Stroud was an impenitent killer who fought off despair through those 43 years in solitary confinement. He studied birds and started with two sparrows. At one time he had as many as 300 birds crammed into his little cell. His book, "Digest of Bird Diseases", made him a world authority on birds. This same man, who spent all of his life in prison, also became an authority on legal strategy and wrote a book on penology.

Surely the saving of the life of this man was worth something to the world at large.

Then there is the case of the negro boy, Paul Crump. He was convicted in 1953 of a hold-up slaying. This was the act of an angry young person who went wrong in an environment where nobody found it easy to go right. Let me repeat that, Mr. Speaker, He went wrong in an environment where nobody found it easy to go right. At this point, Mr. Speaker, I should like to interpose the first question I asked: Is this penalty fair and just to people in all walks of life. Sing-Sing's Louis E. Laws, who escorted some 150 men and women to the death chamber, said that all were poor and most were friendless. This is a man who should know something about people and human nature. San Quentin's Clinton P. Duffy hated the death penalty because he said it hit the little man who is poor, poor not only in material possessions but in background, education and mental capacity.

The right hon. Leader of the Opposition (Mr. Diefenbaker) referred to the statement—perhaps mine is worded a little differently—that a rich man may find it difficult to get into the kingdom of heaven. I do not know whether that is right. We do not want to say that they are not in the same class as the rest of us when it comes to getting into heaven. I do know, however, that it is not only most unlikely but most improbable that the rich man will ever enter the execution chamber. Whether we believe it or whether we do not, the fact remains that there are two laws, one for the rich and one for the poor. There is a law for those who have money and backing and one for the poor little man who has not got financial backing. I will deal with this later.

I return now to the case of Paul Crump, the negro boy. When he was only hours away from the electric chair the governor of Illinois finally yielded to mounting pressure and commuted Crump's sentence to life imprisonment. Why did he do that? In the course of this boy's imprisonment, he had become an entirely different personality. During his years in prison, he took an interest in writing and has written two novels, perhaps more by now. One of these was most successful.

Dealing still with life imprisonment for the individual rather than the death penalty, I cite the case of Nathan Leopold of Chicago who in 1924 as an 18-year-old youth was involved in one of the most bizarre murders of legal history. Perhaps there are many of us who will recall that time. The public demand for his execution was incredibly strong. A courageous judge withstood the pressure and imposed a life sentence.

Leopold was released in the 1950's. In other words, he spent 30 years in prison. Where is he now and what is he doing? Of all things he is employed by the United States government in the commonwealth of Puerto Rico doing research work that is designed to overcome the great parasite menace which kills or lays low hundreds of Puerto Ricans annually. This youth who committed this bizarre murder, this man who should have been hanged according to our rules, may be responsible for producing a drug that will have the effect of eliminating this problem entirely, save much suffering and may save thousands of lives.

Lastly, there is the case of the man who was directly and indirectly responsible for not one, not a dozen but hundreds of murders of the most atrocious and vicious kind. I refer to the former leader of the fanatical Mau-Mau terrorists, Jomo Kenyatta. He is the man who was highlighted in Robert Ruark's book "Something of Value". Hon. members should read that book. The mere mention of this man's name was enough to induce apoplectic fury in most Kenya whites.

This man was jailed by the British. Today as head of Kenya's 9 million people we find him leading the country into its third year of independence under a black government and under the slogan "Harambee—all must pull together". These people were torn apart only a decade ago by apparently implacable hostility—

Mr. Winkler: Do you support Hitler too?

Mr. Roxburgh: What is that?

Mr. Winkler: I merely suggested that on the basis of the hon. member's present argument he would support a man like Hitler.

• (6:30 p.m.)

Mr. Roxburgh: I still did not hear the hon. member. Let me continue. You may ask, how is it that Kenya, with its much more turbulent history of racial bitterness, has settled down in seeming harmony better than say Rhodesia? The answer is one that would have seemed inconceivable only a few years ago. It has all been brought about by the extraordinary forbearance and statesmanship of the once hated man who led Kenya to freedom, Jomo Kenyatta. These are a couple of illustrations of men who have been allowed to live because of their value to the world.

Before I conclude I should like to ask the hon. member who asked me a question whether he honestly feels that this penalty is fairly and equally applied to all people. I should like him to ask me that question, because regardless of the statements made in favour of retaining the death penalty I would stress strongly the fact that justice is not properly or fairly meted out to everybody. Even the professional killer has a far better chance of escaping the noose than the little man. The professional syndicates have money and can get their men acquitted in cases where the ordinary person would not have a chance at all. It goes every farther than this. In many cases the scales are weighted heavily in favour of the prosecution.

Let me take the case of Arthur Lucas, one of the last people to be hanged in Canada before the House of Commons began to ponder the abolition of capital punishment. I am not arguing whether Lucas was innocent or guilty but there was a real question about the processes of justice which resulted in his conviction. The Crown spent something like $40,000 on these processes whereas the accused's legal aid counsel had to get by on an allowance of $1,500. Surely anybody can see that all the strikes are against the little man, the man without any financial support, and I would defy anybody in this house to say that that is not a true statement.

The injustice of this penalty is further illustrated and illustrated more vividly in the case of two convicts who were both found guilty of murder. The one who had financial support received a life sentence. What happened to the other man, the little fellow who did not have the financial support? He was executed. Surely that it not justice. Could anything be more unjust when a life is at stake?

We have heard many good speeches on this subject with arguments pro and con, but I have just dealt with two topics because I feel that they are two matters which can be talked about without arguing whether they are right or wrong. I would ask the members of this house, especially those who have not made up their minds, to think deeply about this question before they make a decision, and I ask them to vote for abolition. In voting for abolition they will scratch this terrible penalty right out of the statute books of Canada.

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, my intervention in this debate will, I trust, be brief. In a debate such as this repetition is impossible to avoid. However, I hope I shall not inflict repetition upon the members of the house more than is necessary.

I have listened intently to the many eloquent presentations and those I have not heard I have read. It seems to me, Mr. Speaker, that a new high in quality of debate has recently been achieved in this house. I believe the quality of the speeches which have been made and the thought which has been put into them are on the whole better than any series of debates to which I have listened since becoming a member of this house. There has certainly been much research in depth.

Having regard to the arguments presented in this house, and following the perusal of much material relating to the subject, I have formed three main conclusions. My first one is that capital punishment has not been proven to be a deterrent. I have uncovered no incontrovertible evidence pointing to the fact that it is. By the same token, Mr. Speaker, the lack of capital punishment has not clearly demonstrated or pointed up an increase in the murder rate per capita. There has not in my opinion been any irrefutable evidence pointing to an increase. Indeed, the evidence, as I see it, would seem to point up the fact that the punishment for the crime is not the deterrent; the actual deterrent is the fear of being caught.

Therefore I have concluded that the average criminal type has only one basic thought regarding punishment and that is the fear of being caught. The criminal mind seems to assume that the offender will remain undetected and therefore that punishment is of secondary consideration. In this regard he acts and reacts not unlike other members of society such as those whose most serious crime is, say, a parking violation.

We must bear in mind that for over three years, through the device of cabinet reprieve—I might add, automatic cabinet reprieve—we have in effect had abolition of capital punishment in this country. I do not blame individual cabinet members for the stand they have taken. Personally I would find dealing with the subject a most trying experience. But I submit that jointly and severally the members of the cabinet have not taken the proper stand.

I should like to refer to an article in the Toronto *Telegram* of March 23 which reads in part as follows:

Note of the government's policy toward capital cases was taken by Mr. Justice Eric G. Moorehouse, of the Ontario Supreme Court, when presiding at a murder trial in Bracebridge. He agreed there was no point in proceeding with the charge against a former milkman, because the penalty for murder had not been exacted for several years.

He accepted the plea of guilty on a charge of non-capital murder.

The crux of my speech this evening is based on one basic fundamental. Since, in effect, we have had abolition for three and a half years—and I am not arguing the pros or the cons to satisfy some members of this chamber who are concerned about statistics —which indicates to me that three and a half years is not a long enough period to establish trends or meaningful statistics, perhaps we should continue with abolition of capital punishment for a reasonable trial period in the future. Frankly, between Biblical quotations and so-called statistics it seems to me almost anything can be proven, either by quoting the Bible or citing a ream of statistics. I do not object either to quotations or statistics but they should be taken in their proper context and in their proper concept.

May I refer again to the article in the Toronto *Telegram* for March 23:

• (6:40 p.m.)

Capital cases in Canada have increased by 120 per cent since the Conservative government amended the Criminal Code in 1961 to establish degrees of murder. This figure from the Dominion Bureau of Statistics refutes the suggestion that the death penalty is not a deterrent to murder.

I suggest it does no such thing. This is using so-called statistics to prove a point. I submit that by virtue of the changes made in the law in 1961 an increase might naturally have been expected, not necessarily because of an increase in the number of capital murders but because of a difference in reporting. In my humble opinion no statistics can prove so completely nebulous an item as this is when they are based on such a very short period of time. One multiple killing could throw these presentations all out of line.

I suggest we should take note of the speech made by the hon. member for St. Paul's (Mr. Wahn). If I understood the gist of his remarks correctly, he considered we might have to settle for a trial period of abolition. As I have mentioned, virtual abolition has been in effect now for three and a half years. I could support abolition for a period of the next five or seven years provided, and I think this is a reasonable proviso, that the most minute records should be kept and the most searching examination made of all activity relating to murder, attempted murder and crimes of violence. This material having been accumulated and digested, parliament could then study it and reach a decision on the basis of fact and logic, not as at present I fear largely on the basis of emotion.

The hon. member for Prince (Mr. MacDonald) made a most moving presentation. He painted a picture of rehabilitation rather than punishment or retribution. I think this aim is commendable and perhaps one day, we can advance to this great position in the evolution of our society. I hope we shall be able to do so. But I submit we have a long way to go.

This is not the problem of the criminal. This is the problem of society. When we have to put people in hallways and corridors due to overcrowding in our hospitals, remembering that those who are in these corridors have only committed the crime of being ill, then, desirable as the hon. member's suggestion is, I fear we have not yet advanced far enough to be able to put it into practice.

The hon. member for Royal (Mr. Fairweather) brought out some statistics which were meaningful to me. He compared the state of Maine with the province of New Brunswick. He pointed out that Maine has had no capital punishment for 80 years. These statistics were meaningful to me because both these areas have the same culture and the same economic background. On the basis of his figures there appeared to be no difference between the rates of murder per capita.

However, this brought up a question in my mind. I often read in the press—and in the part of the country where I live I have access to many United States newspapers—that a suspect was shot during the course of arrest. What happens? Does the old rule of shoot first and ask questions afterwards apply?

I have no statistics from the state of Maine or the province of New Brunswick in this regard, but before the statistics given by the hon. member for Royal are completely meaningful to me they would need to cover both aspects of this question. To me this is another consideration which adds weight to my suggestion that we should introduce abolition for a stated period and keep meticulous records until that period is over. If, for example, we were to find that innocent people

were in danger of paying with their lives as a result of a quick decision to shoot by a police officer under extreme stress in the performance of his duty, then, of course, something would have to be done.

I therefore suggest a trial period long enough to enable meaningful statistics to be compiled. This would give time to all those engaged in law enforcement, in the penal service, in medicine and in psychiatry to become better prepared to assume the new responsibilities which would be theirs. We must never forget that regardless of what happens the first and most important consideration is the protection of our society.

[*Translation*]

Mr. G.-C. Lachance (Lafontaine): Mr. Speaker, I have no intention of repeating nor summarizing the speeches made by honourable members, since the introduction of this resolution for the abolition of capital punishment.

Besides, I already stated that I was in favour of the status quo in this respect, when I spoke on January 24 last during the Address in answer to the Speech of the Throne.

• (6:50 p.m.)

I can assure you, Mr. Speaker, as well as all my colleagues, that whatever the outcome of this debate, I shall not consider it as a defeat or a victory, because I am much less concerned with knowing if murderers will be hanged in the future than with the fate of all the prisoners in our jails and penitentiaries, as well as their future when they come back to civilian life.

You probably remember, Mr. Speaker, that the speech I made on January 24 last, dealt mainly with the rehabilitation of prisoners, with educational facilities that should be made available in order to fully prepare them to take their place within our Canadian community and thereby contribute to the development of our national economy, rather than being a burden and a useless charge for the state.

I repeat this appeal so that the state may take the required and adequate means to set up the control agencies that will enable those who pay their debt to society to have hopes of becoming full-fledged citizens and not failures or misfits always a burden for the state. Should we take as much time here to find solutions to the problems I mentioned as we are now taking to discuss the resolution before us we would perform a much more useful function. The hon. member for Notre-Dame-de-Grâce (Mr. Allmand) made an excellent speech on March 28 last on these problems when he said:

> If we want to prevent murders, we must grapple with the problem of prisoner rehabilitation and penitentiaries reforms.

I said at the beginning of these short remarks that it was not my intention to repeat or summarize the previous speeches, and I am going to keep my word.

Of course, I have read, heard, and even discussed the problem under all angles with my electors, my friends, my colleagues, with all those who have spoken to me and to whom I may have spoken of it. I am not an idealist but very optimistic. As a lawyer with some experience in criminology, I have tried to examine the problem in depth. Among the most serious objections I have heard on capital punishment are the following: if human life is held in due respect, it should then not be taken away from anyone. Right, but this principle should also apply to the murderer who should risk his own life if he is to gamble with the life of others. Other objection: I have also noted that among those who claim to be respectful of the life of others are mainly to be found those who have no hesitation to take their own life, thus not respecting their own. Other objection: Hanging is a barbaric custom unworthy of our advanced civilization; I agree. There would therefore be a change in the method of executing capital punishment; gas is assuredly more refined and efficient.

Miscarriages of justice must be avoided, Mr. Speaker, and I am sure that the sense of justice, the judicial rules and practices and the knowledge used during the hearing of murder cases in our trials and courts of justice, remove all risk of error.

Other objection: capital punishment is not a sufficient deterrent factor to justify maintaining it. I will easily agree, Mr. Speaker, that there are not any more murders in countries where capital punishment is nonexistent or where it has been abolished, but I do not believe there are any more murders after the abolition than there were before. But one thing is certain: no executed murderer has ever committed a second murder.

I could quote many more objections to capital punishment and easily refute them, Mr. Speaker, and I believe the white paper on capital punishment which was prepared and distributed by the Department of Justice in 1965 gives an excellent outline of the situation. I disagree with those who suggest a five-year trial, as was done in England for

example, because in five years' time murder will not be more or less serious than it is today. One must hold fast to one's opinions, especially on an issue as important as capital punishment and, as far as I am concerned, it is inconsequential to attach more significance to a second murder, or the murder of a jail guard or a police officer.

Capital punishment is the supreme penalty for the worst and the most odious crime: murder. I think it should be retained for the protection of society and justice; I do not think society has attained a high enough degree of civilization to abolish it now. When there are no more premeditated or deliberate murders, the battle will be won and we will then be able to amend the criminal code and pin a medal on our lapel.

[*English*]

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, like all other hon. members I have gone through a very difficult period weighing the evidence in this matter and listening to the various arguments presented for and against the abolition of capital punishment. As a matter of fact, I believe I have either read or heard every speech that has been made in this debate and I have been greatly impressed with the calibre of parliament during the debate. As one of my colleagues said elsewhere during the course of the last few days, this debate has done a tremendous lot to permit parliament to recover from the cloud under which we were some time ago. The value of this debate has enhanced this institution and it is surely parliament at its best.

It has not been easy to get at all the truth in this matter and it is by no means certain that we are going to be able to get all the facts, but we must at this stage make a decision on the basis of the great deal of discussion we have had. I believe the time has come for a clear decision. I would not be in favour of seeing this thing hang on or go to a committee, and I do not believe we should clutter up this matter with a whole lot of other material. I think we should make a clear decision on the basis of abolition or retention.

• (7:00 p.m.)

I would be very much in favour of our considering the proposal made both by the hon. member for Winnipeg North Centre (Mr. Knowles) and more recently by the hon. member for Lambton-Kent (Mr. McCutcheon), to the effect that if we are fearful of taking this step at this time, we should have a period of perhaps five years as a trial, as in Great Britain, during which period we could keep records to satisfy ourselves and everyone within the country that it is the wisest step to take. I do not think that would water down or clutter up the motion. I would be in favour of some such trial period, if the house decided that this would be a wise thing to do. However, I do think we should make a decision on this matter of abolishing or retaining the death penalty.

One of the members who spoke earlier this afternoon felt that he should be in favour of retention of the death penalty because in his view the people in his riding and indeed people all across Canada had the idea that capital punishment was protecting them, that it was very important to leave people with the feeling that capital punishment is a protection for society, and that therefore we should retain it. That is not the way my mind works. I think the people in our ridings sent us here for the purpose of representing them, and that it is our place here to get all the facts we can, weigh the evidence, make decisions, take a stand and interpret that stand for them back home in the ridings and across this country. I feel quite sure we have had access here to material, facts and information to which a great many people in our ridings have not been able to have access.

Were I not prepared to make up my mind as a private member on this matter, I do not think I would be doing my job here, whether or not the majority of the people in my riding are in favour of or against abolition of capital punishment. I have the obligation to make up my mind in the light of the evidence I get and then go back home and stand or fall by what the result will be. I have the obligation to explain to these people the stand I have taken, why I have taken it, and so on.

I wish to say right now that I am in favour of abolition. As a matter of fact I have been in favour of abolition for a good many years now. What I have heard in this debate has convinced me this is the proper stand to take, the correct stand at this time. I am going to adduce just a few of the facts which have impressed me in this debate, and the facts about which I shall tell my constituents when I go back home. I have no idea what a poll would show in my riding. I believe the majority of the people there, given access to the facts which we have had, would be in

favour of abolition, because they are reasonable and sensible people who I think will approach this matter without emotion and look straight at the facts.

What are the facts? Here are some of them. First of all, the right hon. Leader of the Opposition gave them very, very clearly this afternoon as did some later speakers. We have seen from the facts that whether or not a country or a state has seen fit to retain or abolish capital punishment the rate of murder has remained practically unchanged, has remained virtually the same. All right then; I would say to the member who spoke this afternoon, if the rate of murder is virtually the same whether you retain or do away with capital punishment, we have the right and the obligation to say to our constituents that capital punishment does not protect them any better than a method of keeping the criminal in custody safely away from society. We have the right and the obligation to take away from our constituents a false view; that is, that capital punishment somehow protects them just because we always have believed that. We should give them the facts and figures to support this.

I believe we have the right to let them know in respect of the policemen and the prison guards who have been killed, that in no over-whelming number of cases has that killing of policemen and prison guards been done by murderers. It has been done by a hard core of criminals, just as many of whom were non-murderers as were murderers. I think we have the obligation to tell that to Canadians. I believe that once the people realize these are the facts, we do not need fear their reaction. I am not afraid of any feeling on the part of Canadians. I believe they would want to have the truth in front of them and would want to know what it is.

There is one bit of scripture which I always have believed, "And ye shall know the truth, and the truth shall make you free". If we can get the truth to the people, I am not afraid of the result.

Hanging does not bring the dead back to life, nor does it help the survivors. In my view—and I think I am saying something which nobody else has said yet in this debate, and this is hard to do—I cannot see why it would not be an excellent thing, while the murderer is retained in prison, to employ him at some useful work, the reslt of such work being directed to help the family of his victim. In that way his rehabilitation can be a useful way of making a measure of restitution. There never could be complete restitution. However, I think he should be given an opportunity to make up to the family and relatives of the victim as much as he can. I believe this is in line with the thinking of modern penology.

In my view when a murderer commits a crime, if the state snuffs out his life the state compounds the crime and commits a second one. What happens when a boy kicks his younger brother and the father turns around and kicks the bigger boy? This does not help the little fellow and it implants in the bigger boy a feeling that he wants to get a little older so that he can get back at the fellow who kicks him. That is the type of thing we want to get away from.

We have been struggling through all this miasma of fear; I have seen this in the house. Of couse we are afraid, because we are on the frontier of evolution in this matter. This is the reason in many ways it is a thrilling debate—because it is new for Canadians. But it is not new for other people. The whole trend in the world today is towards the abolition of the death penalty. This has been brought out by one or two other members, but I wish to bring it out again, because I think it is important. The fact is that country after country—and Europe is the place where one finds it most frequently—has reached a point today where capital punishment has been done away with. Luxembourg began the process in 1822, Belgium in 1863, Portugal in 1867—100 years ago when we were beginning as a country—the Netherlands in 1870, Italy in 1890, Norway in 1905, Sweden in 1921, Denmark in 1930, Switzerland in 1942, and Great Britain in 1965. All the enlightened, forward looking countries, when at last they reached the stage where they got it through their minds that capital punishment was barbarism which belonged in the middle ages, did away with the death penalty.

• (7:10 p.m.)

It is interesting to note that during the Mussolini regime Italy again brought in the death penalty and that during Hitler's regime Germany also brought back the death penalty. When Hitler and Mussolini brought barbarism back to these two countries the death penalty also returned. Italy and West Germany have subsequently abolished the death penalty. East Germany does not belong to that part of the world that we consider advanced in these matters.

Britain, as hon. members realize, has abolished the death penalty for a five-year trial period. The veteran labour member who has led the fight in Britain for the abolition of capital punishment for years is Sidney Silverman. Last year he enjoyed the fruition of his campaign and capital punishment was abolished for a trial period of five years. It is interesting that during the recent election campaign Sidney Silverman was opposed by a close relative of a little girl who had been the victim of a horrible sex slaying. He rattled all the chains he could during the campaign but to the eternal credit of the British people they elected Silverman with a greatly increased majority.

That is the kind of thing that happens when people are prepared to make decisions with their eyes open on the basis of facts rather than emotion. Emotions should be considered and then put out of the way so that the facts can be deliberated and decisions made.

Over and over again during this debate hon. members have referred to the fact that in Canada we have in effect had no capital punishment, de facto, since December of 1962. Even before that time Canada's position on capital punishment has been weakening. When the former government divided the categories of murder into capital and non-capital it took a step in the direction of manifesting Canada's maturity in civilization and its ability to do away with capital punishment.

That was the first step toward the abolition of capital punishment. The second step has been the attitude of the government in not carrying out the sentence of death since the latter part of 1962. I suggest these steps are indications that this country has been readying itself for complete abolition of the death sentence. There would be a tremendous outcry by the people of Canada if pending executions were carried out as a result of a vote in this house to retain capital punishment. The people of this country in increasing numbers have become aware that capital punishment is not consonant with these times. In ever increasing numbers they are becoming prepared to do away with this form of barbarism.

Not long ago I received a letter, as did every British Columbia member, from the B.C. Corrections Association. This letter is dated March 18, 1966 and it states in part:

> We felt that you, as a British Columbia member, might be interested to see an expression of opinion on this issue from the present membership of our association. We represent all facets of correction, probation officers, parole officers, prison personnel, social workers, welfare workers and others.

In other words, this is representative of all types of people involved in criminal correction and rehabilitation in British Columbia. This association sent out a questionnaire in which they asked the recipients of the questionnaire to indicate whether they were in favour of complete abolition of capital punishment, abolition except in respect of capital murder of prison personnel and law enforcement officers, or retention of capital punishment. There were 64.3 per cent in favour of complete abolition, 25.7 per cent in favour of abolition except for the capital murder of prison personnel and law enforcement officers, and only 10 per cent in favour of retention.

It is my opinion that if 64.3 per cent of a representative group of people working closely with criminals are in favour of the complete abolition of capital punishment, the majority of Canadian people are ready for its abolition.

I was greatly impressed by the speech made by the parliamentary secretary to the Minister of Transport (Mr. Byrne), as well as by those of others. I should like to quote and to endorse this observation of the parliamentary secretary:

> A nation which debases the value of human life by its extinction cannot hope to lead in the area of preventative diplomacy.

That is my last reason for suggesting that Canada should abolish the death penalty. We hope to be among those nations of the world which believe in civilized values. In order to acquire a leading position among such nations we must advocate the sanctity of human life.

People throughout the world are watching carefully to see whether or not leaders of nations are acting as they are talking. If we act at home the way we talk abroad this nation will be a leader among nations, but only then.

In conclusion, I hope that we have the courage now to decide that Canada should be placed among the civilized countries which have, with their eyes wide open, done away with capital punishment. I hope we place ourselves in that position with the sure knowledge that this will help us at home and in our role among the nations of the world. I believe that if we abolish capital punishment on a trial basis, we shall never decide to reinstitute it. In order to satisfy some of the fears expressed by hon. members perhaps we

should adopt a trial period of abolition. Let us do so with our eyes open, feeling sure that we are doing the right thing in view of all the facts. Let us vote clearly and definitively to abolish the death penalty.

• (7:20 p.m.)

[*Translation*]

Mr. J.-P. Goyer (Dollard): Mr. Speaker, after hearing or reading the various speeches made in this house, one is inclined to believe that all arguments have been used. It is easy to repeat them and I willingly share the idea or at least the attitude of those who believe that it is good that the same arguments be taken up again from various angles.

For instance, we have been told often about the progress made by our society not only with regard to the death penalty but also in the field of mental health. We have heard philosophical and theological arguments which find their roots in documents which have come to us through the ages from the Bible to essays by Camus or Koestler.

The personal experiences that many of us have lived or witnessed in our midst, experiences which have influenced more or less deeply our attitude and which are reflected today in the stand which we will have to take soon. All of us, not to win, because this is not a marathon or a competition, but rather to look for a truth, if that is still possible, at the end of this debate.

Of course, a line of reasoning that leads to a decision cannot be followed in prejudice, when looking for sensationalism or exploiting an electoral advantage which would not be to the credit of those who elected us.

Throughout this debate, I was struck by the effect produced by the words: death penalty. For some, it is related to barbarism and anti-humanitarianism. For others, it looks like a valid and necessary, even essential, weapon for society. And yet, taken in itself, the death penalty is a means to sentence a criminal and as such it must have a punitive and a preventive value. Thus the necessity, in order to deal with that matter objectively, to forget any prejudice which subsists in us, to go beyond what hides the true problem and to dwell instead on the objectives to be attained by the death penalty, just like we would do when studying any other type of sentence. After reading a great deal of literature, especially articles by Marc Ancel, Paul Gornil et Giuliano Vassalli, I have a theory which seems to me worthwhile, that of an alternate penalty. The objection which I would then raise is as follows: Can death penalty be replaced by another penalty, which would retain the punitive aspect toward the convicted and the deterrent aspect toward society?

In fact, the alternate penalty is now accepted throughout the world, and is applied in Canada as elsewhere.

The latest amendments to the Criminal Code constitute a significant example of my argument. From now on, we differentiate between two kinds of murders: the capital murder and the non-capital murder, the first one involving hanging and the latter life inprisonment.

This theory of an alternate penalty is not new. Already, at the end of the 18th century, movement of penal reform brought about the abolition of corporal punishment to be replaced by loss of freedom only. In that respect, the loss of liberty was an alternate penalty to torture, since crime was punished by a different penalty.

Likewise, death penalty has this value of replacement when it ceases to have degrees, that is being accompanied by tortures more or less extended. For instance, in 1791, the French Criminal Code, decided that:

> The death penalty will be a simple deprivation of life without any torture exerted against the convicted.

To use a well-known method, a proper death penalty is found and established. Going through the ages, we could multiply the examples proving the application of this theory, to reach the present situation where the death penalty has been completely replaced: it has been abolished or partially replaced.

In both cases, the substitute punishment took the form of a denial of freedom. In other words, we are all more or less abolitionists, for in some instances imprisonment is accepted as a substitute for the death penalty indeed, nobody can say that nowadays a killer must always be killed. Otherwise, one who commits a passionate crime would always be hanged, one who commits a political crime would be hanged and the mentally ill committing a crime would be hanged. Yet, it is readily accepted today that those three types of criminals should not be hanged, either because of the law or following the commutation of the penalty. Why? Because the death penalty is instinctively revolting, too severe and contrary to reason. The death penalty is thus being questioned as a punishment and a deterrent and we are

satisfied that life imprisonment has the same effect.

Basically, in the three examples given, the change takes place because of the personality of the offender. Consideration given not only to the crime committed but also to the offender and the circumstances under which the crime was committed. Why? Because the criminal is more sympathetic? Not necessarily, but it is felt that society must first of all consider him as an unbalanced or sick person or, as the case may be, merely deprive him of his freedom.

Are we aware that in those three cases we are relying, rightly or wrongly, on our penal system? In any case, unconsciously, we are. Unconsciously, because once again we concentrate on this one question: is it advisable to hang this particular criminal not? If the answer is no, then he goes to jail and we forget about him. We forget about him until special circumstances come up such as those which occurred in the past few years. Those past few years, it has dawned on the public that jails were actually schools for crime, which granted degrees in criminal science, instead of institutions devoted to the rehabilitation of the inmates. For too long—and such is the case even today—jails have been considered as places where murderers should be punished, when they are places where they should be rehabilitated.

Even today, much too few of our inmates are given rehabilitation courses. And what do they teach in our jails? Trades are still being taught that have just about vanished from our society. Handicrafts are taught, for instance shoemaking. I think such trades are things of the past. We should apply modern methods like they do in France, for example, where we find one out of five inmates taking courses that will lead him even to a diploma or a master's degree in law. Recent statistics show that inmates often are more successful than regular students.

At the present time, at St. Vincent de Paul, there are two psychologists for 1,700 inmates. That is asking two persons to perform miracles. It is putting them in an impossible situation where they cannot meet the needs and really achieve something lasting. There are still being built in our prisons maximum security cells, or holes, where a dog would not be sent to rot for fear it might become rabid.

[Mr. Goyer.]

• (7:30 p.m.)

Hundreds of thousands of dollars have been appropriated out of public funds to build such holes in St. Vincent de Paul.

In contrast with this amazing policy, a penitentiary meeting modern requirements is being built in Valleyfield.

What is the Canadian policy with regard to penitentiaries? The prisoner is no longer considered as an animal and subjected to conditions which society abhors today, but rather as a man who like any other, is entitled to respect in his sad plight. Guards are inadequately paid. It is acknowledged by our courts that guards connive at prisoners' rackets, supply them with goof balls and even help them to escape from the penitentiary. Is this acceptable?

There are outstanding experts today in the field of mental disease. Mental hospitals are staffed with all the required specialists; budgets have been increased. What is provided in our prisons? Less than nothing. As members of parliament, we are all responsible for this untenable situation. Academic speeches are in order, but the administration must also provide for required needs, so as to bring up to date our penitentiary system and explain to the people that Canada is lagging behind in this field more than any other country in the western world.

Does this mean, Mr. Speaker, that we should wait until reforms are carried out before substituting life imprisonment for the death penalty? No, and here is why.

(1) Abolition exists in fact or is recognized in practice for several types of crimes, whatever the present conditions of our penitentiaries, and the public accepts this.

(2) It is true that the public does not feel secure under the present system of probation. And, here again, I question the qualifications of the people in charge of the system of probation. And what is more, and this is more serious, they are not given the staff required to develop a coherent policy to follow up the person sent back to society, after his sentence is commuted. But, on the other hand, this is corrected by the resolution now before the house, which operates a drastic change by giving the right of parole to the governor in council in last resort.

(3) The conditions in our penitentiaries is not a danger for the safety of society, for once again, it is in all cases maximum security penitentiaries, but rather a serious barrier to the rehabilitation of the individual.

I call your attention on my last point. A penitentiary system must be administered in such a way as to enable the offender to leave jail a better man than when he came in.

The criminal or the offender is not sentenced to prison to be submitted to further punishment, that is, to be ill-treated. Sir Alexander Paterson, who once fulfilled the duties of chairman of the British Jail Commission, stated:

[*English*]

Offenders are sent to prison as punishment, not for punishment.

[*Translation*]

The fact that a person is sent to jail, that is to say deprived of freedom, constitutes the penalty in itself, not the kind of life such person is required to lead in the penitentiary. On the contrary, for the time must be foreseen when the prisoner will recover his freedom—if every thing has not been done during his imprisonment to rehabilitate him, a potential criminal is then being released.

To deny our social and humane responsibility for the rehabilitation of prisoners is to agree, in the long run, to multiply the number of criminals and consequently to seriously endanger public security.

This does not solely apply to a murderer—for this type makes up the smallest minority of prisoners—but to the majority of those who have been sentenced to penalties less than life imprisonment.

While other countries adopt systems of graduate detention, from total confinement through internment to half-detention, including even week-end or after business hours detention served outside the penitentiary, we are still discussing this antiquated question of capital punishment.

While parents and relatives of the victims of criminals are often burdened with economic and social problems, because for instance the victim was the head of a family which is henceforth left without means, instead of finding solutions to this situation, and of helping these people, through new legislation, we are concentrating our efforts in the search of a vendetta on the criminal. The criminal is involved in a human problem; those who are solely afflicted in economic and social problems. In 1966, these are the problems we, in parliament, should be concerned with.

In fact, the man who comes out of prison after serving a five-year sentence, even without having obtained a reduction of his term of prison, may present a greater danger to society if he has not been rehabilitated during this period of time. He is more apt to relapse into crime and thus presents a danger to society. A rehabilitated criminal whose sentence is reduced, on the other hand, is of course much less liable to disturb society.

The abolition of capital punishment is no innovation. It exists in several countries since half a century. To innovate would mean more than that. It would, rather, mean improving methods of rehabilitation, and studying ways of compensating in part the parents and close relatives of the victim, which would surely be more effective and healthy than the brute satisfaction of executing the criminal. This is the course of action of a progressive Parliament.

We will show Canada whether we will deal, not with out-of-date problems such as capital punishment, but with the problems of our time, those of rehabilitation and of compensation of victims; this is where our work lies and further discussion on capital punishment is a waste of time and it is outdated.

[*English*]

Mr. A. D. Alkenbrack (Prince Edward-Lennox): I join in this debate this evening, Mr. Speaker, with reticence as I realize its meaning and consequences and its potential effect on the preservation of our nation and our society. I do so also with great respect for the history that has been mentioned by other hon. members here today. This respect for history is a quality that is not found in abolitionists alone but I am sure it is possessed by all members and particularly retentionists because we remember that our statutes are part of our history.

We are not back in the seventeenth and eighteenth centuries, and the ridiculous penalties for crimes other than capital crimes which have been related to us as applying in those years have nothing to do with the argument today. I claim that our functioning statutes, as they are now, are part of our history and society and should be respected and maintained as such.

I have listened with interest to the presentations of most hon. members. I have in fact read all the speeches to date. I congratulate my colleagues in all sections of the house upon the many cogent points that have been presented in this debate. I know that each one of us has and will put forward his or her argument without any personal acerbity to anyone, and according to his or her tenets of belief on this vital subject.

I heard five reasons put forward by one hon. member this afternoon, which he said retentionists use for the retention of capital punishment. These were good reasons. However, I did not hear him declare the most important reason, that of "government" itself, the protection of persons and property, the protection of the public. This reason must be present at all times and must be evident to all members, from private members to privy councillors.

• (7:40 p.m.)

I am one of those who believe that capital punishment should be retained in its present classified form. I am one of those who believe it is within the imperium of this parliament of Canada, the state and the Crown, to reserve at all times the right to demand the life of any of its citizens, or indeed, Mr. Speaker, the life of an enemy alien found guilty of crimes against Canada. I am surprised at this time, and shocked, to hear that some privy councillors, present and past, do not agree with this attitude. I refer to the fundamental right of jurisdiction and the authority to use the power of the state to enforce its laws. I would remind hon. members that Canada, as a corporate geographical and social entity and as a nation, does not exist and function in order to act as a stamping ground or a free range for, or as an agent of appeasement to, outlaws and perpetrators of capital crime.

I am also one of those who realize that my constituents did not send me to Ottawa to sit in this parliament in order to weaken or to tear down the statutes of Canada by doing away with any of these laws. On the contrary, in these times of contention, trouble and lawlessness those constituents are more apt rightfully to expect me to assist in placing more restraining measures of a deterring nature on the statute books.

This afternoon I heard hon. members say that it is an awful thing to realize the finality of the death of a condemned criminal, one who has been duly sentenced by the courts. I say it is an awful thing to realize the finality of the death of an innocent victim at the vicious and unmerciful hands of a rapist or a murderer or an armed robber—and we all know how merciless they can be.

The abolitionists contend there is a chance that an innocent man may be executed. I say that there is no record and there is no proof that an innocent man has ever been executed for murder. There may be hearsay, but there is no proof.

Another point, Mr. Speaker, is that if abolition is adopted by this house as a result of this debate, one other measure will immediately be required in country-wide form so as to be consistent with the argument of the abolitionists. This would be a measure to disarm all policemen in Canada. I would remind abolitionists that when an escaping criminal happens to be fatally injured in battle with our courageous policemen this in itself is a form of capital punishment. Therefore I would ask all abolitionists to be consistent, and to see that this action is taken, for it is just as ridiculous as their argument.

From the abolitionists I have heard nothing but a policy of appeasement of capital murderers, those guilty of treason and other capital crimes. The hon. member for Leeds (Mr. Matheson) very definitely tried in his argument to associate the retentionists in this debate with Adolf Hitler, who persecuted and murdered millions and millions of innocent people. The hon. member for Leeds, by arguing thus and supporting abolition, implies that Hitler should not have been executed; or I deduce from his argument that that is tantamount to what he said. The Allies did not capture Hitler while he was still alive, so the privilege of administering the death penalty to him was lost to them. Had he been captured he should certainly have been executed.

In this regard I was very much interested in the fine address made by the hon. lady from Vancouver-Kingsway (Mrs. MacInnis), who pointed out that capital punishment was reinstated in Italy during the time of Mussolini. It was a good thing it was reinstated, and just in time for it to be administered to Mussolini himself. Although it was administered by a mob, in my opinion, he got his just dues.

Since the resolution which we are debating is contrary to any fundamental beliefs which I have, and since it does not as I have said, strengthen the protection of persons and property by the state, I cannot and I will not support it. Let us just look at the terms of the resolution. I had hoped that since it is the product of four authors from three political parties it would portray the wisdom I know these hon. members possess. But it does not

do so. May I just put the resolution on record again:

> Resolved, that it is expedient to introduce a measure to amend the Criminal Code for the purposes of
>
> (a) abolishing the death penalty in respect of all offences under that Act;
>
> (b) substituting a mandatory sentence of life imprisonment in these cases where the death penalty is now mandatory; and
>
> (c) providing that no person upon whom a mandatory sentence of life imprisonment is imposed shall be released from imprisonment without the prior approval of the Governor in Council.

In clause (a) this resolution advocates abolition of the death penalty in respect of all offences under the code. Mr. Speaker, I wish firmly to point out that it is not the wish of the majority of the Canadian people that the death penalty be abolished for treason. It is not the wish of the majority of the Canadian people that the death penalty be abolished for premeditated murder. It is not the wish of the majority of the Canadian people that the death penalty be abolished for murders committed by armed robbers who have, of course, premeditated these crimes that terminate in fatal results. I point out that there is a rash of these crimes, especially bank robberies, of an intensity in our cities and metropolitan areas the like of which we have never witnessed before. My constituents did not send me here to make it easier for armed robbers to murder bank clerks and their public clientele by lightening the penalty for crimes of this kind already provided for in the statutes.

Mr. Cowan: Would the hon. member permit a question?

Mr. Alkenbrack: After I have finished. Neither did my constituents send me here to make things easier for the contract killer, the mercenary journeyman killer who goes from place to place, the hired tool of the underworld who kills for a price. These men are the servants of a Mafia narcotics racket of the underworld, and of the perpetrators of planned bankruptcies and arson. It is evident that these contract killings are increasing in number. I would think that of late this government has had enough experience with the underworld, to warrant the preservation of capital punishment to use against the underworld whenever needed.

Neither do the people of Canada wish us to abolish capital punishment to make it easier for the cop killer, another special class of murderer, the one who hates our policemen. Our police forces at all levels across the country have requested by letter and by petition that this parliament maintain capital punishment. I have had several telegrams, as I am sure have all hon. members, the latest of which comes from a Quebec police force totalling 6,000 men.

What about the protection of our prison guards who will be in a very precarious and vulnerable position at the hands of murderers in our penitentiaries, who would then have nothing to lose if they murdered their guards? I have statistics here regarding this particular matter, but I do not think it is necessary to put them on record. Surely hon. members will not act here in such a way as to jeopardize the lives of the policemen and prison guards of Canada.

I remind hon. members that just retribution is already provided for in the statutes for these other types of murders, often perpetrated by armed robbers robbing defenceless neighbourhood shopkeepers in our urban areas, for those who attack and murder elderly people in our urban areas, and elderly farmers on our rural back concessions,—pillaging and murdering because they think these people have money and valuables hidden in their homes. No, Mr. Speaker; for these reasons do not ask me to support clause (a) as it is presently worded.

Now, what about clause (b)? It asks that we substitute a mandatory sentence of life imprisonment for those cases where the death penalty is now mandatory. I believe, Mr. Speaker, that this covers and applies to the remarks that I have just made, because clause (b) is asking for a reduction in the severity of the retribution. Yes, we can actually say that clause (b) is asking that a generous measure of impunity be granted the perpetrators of the crimes that I have just generally outlined under clause (a). No, Mr. Speaker, for the above reasons I cannot support clause (b).

• (7:50 p.m.)

Now let us turn to clause (c). It provides that none of these murderers, or no person upon whom a mandatory sentence of life imprisonment is imposed, shall be released without the prior approval of the governor in council. Now, Mr. Speaker, you would expect this final clause, if it had any regard for the safety of persons and property in Canada, to read that no person upon whom the mandatory sentence of life imprisonment is imposed for these capital types of crime would ever be released from prison. But no. In spite of the fact that we have a good, astute, firm, yet conciliatory National Parole Board, here we

have clause (c) handing the keys to the convicted capital criminal's cell to the governor in council, which is actually the cabinet of this country.

Now, Mr. Speaker, since this cabinet presently sitting on your right, has such a poor record in regard to facing up to its duties in dealing with capital convictions, I say to you that if this resolution carries, and if the leniency shown in the past projects itself into the future, then the firm administration of justice as it ought to be performed has a poor chance in the years to come. In other words, since those hon. gentlemen opposite have commuted all death sentences to life imprisonment, or to a term which is, actually, less than life imprisonment, the Canadian people fear that they will also commute future sentences to something increasingly less.

There is one further point, and it is this: To vote for clause (c) of this resolution, and for this resolution in its entirety, is to make the freedom of a convicted criminal a political question, since any parole he might try to obtain he would need to obtain from the cabinet. Our parole board is above and apart from all political ilk or association. The cabinet is not. This clause brings politics to bear to control and govern what amounts to, or can amount to, the civil liberties of the citizens of this country. No, sir. Do not ask me to vote for clause (c).

What about the deterrent? Time and again, one hears the catch phrase used by the abolitionists: It has been proven that the death penalty is not a deterrent. Mr. Speaker, this catch phrase is not true. I wonder if these people ever stop to consider the stupidity of such a statement and what its ultimate application implies? In the first place, on what experience or evidence do they base their conclusion? On what index do they base their statistics? One has only to go to the historical fact that in many cases where capital punishment had been abolished by act of government in other countries and states, it has been re-imposed within a short time to combat the homicide which continued and increased and finally incensed the population to the point at which its return was demanded. No. In denying the deterrent value of a penalty in this, as in any other division of criminal activity, one can make such a claim only on the basis of evidence—and we have heard no such evidence.

Has anyone heard a potential murderer say: "I would not take a life because capital punishment is not in effect"? If such a statement sounds stupid, it is certainly not more so than the glib, parrot-like repetition of the phrase one hears so often—"We know that capital punishment is not a deterrent to murder". I submit that we know no such thing. Nor can we even conjecture reasonably what a deterrent capital punishment is to this ultimate and most horrible of all crimes against humanity. Probably not even the most expert and skilled analysts of the human mind would dare to give more than an approximation on such a subject, so qualified that it would tell us nothing. Yet the most amateur practitioner in human behaviour glibly tosses the now familiar phrases about in support of abolition as if the human mind could be fathomed, measured, calibrated and predicted—and, in particular, the mind of a potential murderer.

And now one is inescapably drawn to the most staggering conclusion of all. Given, for one moment, that the theory of the abolitionists is true; let us presume, for argument's sake, that they are right, what is the only conclusion? I say it is this: If capital punishment is no deterrent to wilful premeditated murder, then no punishment whatever is a deterrent to any crime. If this is so, why have any law?

If the prospect of paying for murder with his own life is not deterrent to a calculating, would-be killer, then what a mere bagatelle lesser punishment would be all the way down the line of lesser crime to thieves, embezzlers, reckless drivers and junior perpetrators of petty crimes. And yet, hon. members will agree, thieves do run, many reckless drivers do leave the scenes of accidents, and embezzlers deny the forged signatures, all in a desperate effort to escape the penalty laid down in the statutes.

Does anyone with even the most elementary powers of reasoning think for one moment that the knowledge and prospect of retribution does not deter—does not give at least some acute practical mental consideration to the minds of all sane people, at all ages of accountability, in every moral exigency with which they may be faced? The only possible exception to this is the complete and utter maniac, a man so deranged that he is incapable of thought. And this man is effectively protected from the death penalty by the statutes. Certainly, the insane are so well protected that it is a fact that the sane killer often seeks that defensive haven, the plea of insanity—a somewhat ironical fact if we for

one moment believed the abolitionists' contention that a killer does not fear the death penalty.

• (8:00 p.m.)

To return to the resolution as a whole. It might be supportable were we entering a millenium of Utopia. But this is not Utopia. Neither our political nor our social system is perfect. This is Canada 1966; if we grant too much leniency and liberty within the social system our political system will suffer, and possibly perish. I will not be a party to this. Let the statutes stand as they are, without amendment and as they have been since the amendment of 1961, with provision made for capital and non-capital murder. Let the cabinet do its duty as the people of Canada expect duty to be done in each capital case according to its merits.

From the time of Cain capital crime has been a characteristic of this thinking animal, man. The old testament of the Holy Bible speaks in clear, understandable terms of God's law regarding murder. In the fifth chapter of Genesis, the sixth verse—and I am not afraid to quote it—it is stated: "Who so sheddeth man's blood, by man shall his blood be shed".

Mr. Speaker: Order, please. It being eight o'clock it is my duty, pursuant to special order of Thursday, March 31, 1966, to interrupt these proceedings and put forthwith the question on any amendment now before the house.

Motion of Messrs. Byrne, Nugent, Scott (Danforth) and Stanbury:

Resolved, that it is expedient to introduce a measure to amend the Criminal Code for the purpose of

(a) abolishing the death penalty in respect of all offences under that act;

(b) substituting a mandatory sentence of life imprisonment in those cases where the death penalty is now mandatory; and

(c) providing that no person upon whom a mandatory sentence of life imprisonment is imposed shall be released from imprisonment without the prior approval of the governor in council.

[*Translation*]

The amendment moved by the hon. member for Roberval (Mr. Gauthier), seconded by the hon. member for Villeneuve (Mr. Caouette), is as follows:

That the motion be amended as follows:

First, by adding after paragraph (a), the following words: 'except for capital murders, as currently defined, committed while a sentence of life imprisonment is served'.

Second, by adding, after paragraph (b), the following words: 'except in the case of a capital murder committed while a person is serving a sentence of life imprisonment'.

Third, by inserting in paragraph (c) immediately after the word 'imposed', the words 'or with regard to whom a death sentence was commuted'.

• (8:10 p.m.)

[*English*]

Mr. Speaker: Before we call on hon. members to vote perhaps I should indicate the procedure we propose to follow. I intend to call upon the mover and seconder of the amendment to rise if they wish to vote and then—

Mr. Nielsen: Mr. Speaker, I wonder whether you would read the amendment in English, since I did not catch the translation completely.

Mr. Speaker: Perhaps the Chair should also read the main motion in French.

[*Translation*]

Messrs. Byrne, Nugent and Scott (Danforth) moved:

Resolved, that it is expedient to introduce a measure to amend the Criminal Code for the purpose of

(a) abolishing the death penalty in respect of all offences under that act;

(b) substituting a mandatory sentence of life imprisonment in those cases where the death penalty is now mandatory; and

(c) providing that no person upon whom a mandatory sentence of life imprisonment is imposed shall be released from imprisonment without the prior approval of the governor in council and on the amendment moved by Mr. Gauthier.

[*English*]

The amendment moved by Mr. Gauthier, seconded by Mr. Caouette is as follows:

That the motion be amended as follows:

First, by adding after paragraph (a), the following words: 'except for capital murders, as currently defined, committed while a sentence of life imprisonment is served'.

Second, by adding after paragraph (b), the following words: 'except in the case of a capital murder committed while a person is serving a sentence of life imprisonment'.

Third, by inserting in paragraph (c) immediately after the word 'imposed' the words 'or with regard to whom a death sentence was commuted'.

I shall first call upon the mover and seconder to vote for the amendment if they wish, after which I will ask hon. members beginning with the first row to my right who wish to vote in favour of the amendment to rise, and then, as we do in committee, I will call upon the members in the second, third, fourth, and fifth rows in favour to rise. I will then call on those in favour in the first row to my left, to be followed by the second, third, fourth and fifth rows to my

Division

left. We will repeat this process in respect of those voting against the amendment.

The house divided on the amendment (Mr. Gauthier), which was negatived on the following division:

YEAS

Messrs:

Baldwin
Bigg
Caouette
Chatterton
Chrétien
Fawcett
Forrestall
Gauthier
Gilbert
Godin
Haidasz
Mackasey
McIlraith
McKinley
Mather
Nugent
Rideout (Mrs.)
Robichaud
Saltsman
Schreyer
Scott (Danforth)
Trudeau
Winters—23.

NAYS

Messrs:

Aiken
Alkenbrack
Allard
Allmand
Andras
Asselin (Richmond-Wolfe)
Badanai
Barnett
Basford
Batten
Béchard
Beer
Bell (Carleton)
Berger
Blouin
Bower
Brand
Brewin
Brown
Cadieux (Terrebonne)
Cameron (High Park)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Cantin
Caron
Carter
Cashin
Churchill
Clancy
Clermont
Coates
Code
Comtois
Côté (Longueuil)
Cowan
Crossman
Crouse
Danforth
Deachman
Diefenbaker
Dionne
Douglas
Drury
Dubé
Duquet
Émard
Éthier
Fairweather
Fane
Faulkner
Favreau
Forbes
Forest
Foy
Fulton
Goyer
Grafftey
Granger
Greene
Grills
Groos
Guay
Gundlock
Habel
Hales
Hamilton
Harkness
Harley
Hees
Hellyer
Herridge
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe (Wellington-Huron)
Hymmen
Isabelle
Johnston
Keays
Kennedy
Kindt
Knowles
Korchinski
Lachance
Laing
LaMarsh (Miss)
Lambert
Lamontagne
Langlois (Chicoutimi)
Laniel
Laprise
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Leboe
Lefebvre
Legault
Lessard
Lewis
Loiselle
Loney
Macaluso
MacDonald (Prince)
Macdonald (Rosedale)
MacEachen
MacEwan
MacInnis (Mrs.) (Vancouver-Kingsway)
MacLean (Queens)
Macquarrie
MacRae
McCleave
McCutcheon
McIntosh
McLelland
McNulty
McQuaid
McWilliam
Madill
Marchand
Martin (Essex East)
Martin (Timmins)
Matheson
Matte
Mitchell
Monteith
Moore
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Munro
Nasserden
Nesbitt
Neveu
Nicholson
Nielsen
Noble
Nowlan
O'Keefe
Orange
Orlikow
Ormiston
Otto
Pascoe
Patterson
Pearson
Pelletier
Pennell
Pepin
Peters
Pickersgill
Pilon
Prud'homme
Pugh
Rapp
Régimbal
Reid
Ricard
Richard
Rinfret
Rochon
Rock
Roxburgh
Ryan
Rynard
Sauvé
Scott (Victoria (Ont.))
Sharp
Sherman
Simard
Simpson
Skoreyko
Smallwood
Smith
Southam
Stafford
Stanbury
Starr
Stefanson
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Thomas (Middlesex West)
Tolmie
Tremblay
Tucker
Turner
Valade
Vincent
Wadds (Mrs.)
Wahn
Walker
Watson (Assiniboia)
Watson (Châteauguay-Huntingdon-Laprairie)
Webb
Whelan
Winch
Winkler
Yanakis—199

[Mr. Speaker.]

• (8:30 p.m.)

Mr. Speaker: I declare the amendment lost.

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, may I rise on a point of order. I wonder whether we could have some clarification with regard to what will happen with regard to other amendments, if any are moved, from now until tomorrow prior to the final vote?

Mr. Speaker: Perhaps that question could be directed to the government house leader, but I might refer hon. members to the consent order adopted by the house on Thursday,

March 31, which specifies at what time further amendments are to be disposed of by the house tomorrow.

Mr. D. S. Macdonald (Rosedale): Mr. Speaker, I rise at this point to indicate to the house that it is my intention to support the abolition of the death penalty when that question is voted upon tomorrow evening. We are now completing the fourth day of debate on this question and it seems to me that at this time there is relatively little that is new that can be added in the way of propositions either for or against the measure upon which we shall be voting tomorrow night. But there does seem to me to be one fresh consideration which I believe is relevant to this debate, and therefore I should like to move an amendment at this time in order to bring before the house the basic question that the British House of Commons had before it in its most recent legislative action with regard to capital punishment.

As most hon. members will know, the abolition of capital punishment for murder under the criminal law of England has not been made absolute and for all time. Rather, the legislative action they have taken has abolished the capital penalty for a period of five years only and at the end of that five year period, dating from the enactment of the law, in the event of the failure of the British parliament to enact any further amendments in order to dispose of the death penalty once and for all time, this penalty shall once again be enforced under the English criminal law.

I propose to put before this house by way of an amendment the suggestion that the motion which is before us this evening and will be voted on tomorrow night be amended so the house will declare itself in favour of amending the Criminal Code on a trial basis for five years, so that in effect what is in the British law shall be incorporated in the Criminal Code of Canada.

I shall not take up any more time of the house. I think the purpose of the amendment will be well understood. It certainly will be understood by members who have been following this debate. Therefore Mr. Speaker, I should like to move, seconded by the hon. member for Saint-Maurice-Laflèche (Mr. Chrétien):

That the motion be amended by inserting therein, immediately after the words "Criminal Code" the following words:

"on a trial basis for a period of five years."

Mr. Fulton: Licence to murder?

Mr. George Muir (Lisgar): Mr. Speaker, it is not my intention to prolong this debate any more than is necessary for me to state my views as simply and as concisely as possible on the question whether capital punishment should or should not be retained; nor is it my intention to try to refute any of the personal views expressed by any hon. member during this debate. Statistics have been used and the Bible has been quoted to prove the arguments of those who support either side of this question. But it seems to me that statistics are of little value in trying to chart human behaviour at any given time under many different environments and cricumstances. It is because of this that society has had to lay down certain rules of individual behaviour without which society itself would cease to exist. Without these rules and the ability to collectively enforce them, there would be chaos. It is necessary, then, that crimes against society must of necessity be punished in order to maintain the rule of law and the right of human beings to form a society and live together in that society.

• (8:40 p.m.)

The fact that people can live together is the result of the majority of the people respecting the law and the rights of the individual as set out in our rules of behaviour. It is an accepted fact that those who commit crimes against society should be punished for the protection of society itself, and that the punishment should fit the crime. This principle applies to a petty thief who may receive a nominal prison term as well as to the murderer who, by taking a human life, must expect the greatest punishment.

Organized crime, established almost on the basis of a military operation and just as effective, is now reaching into Canada in its war against society. Human life means nothing to the crime syndicates. Unless effective methods are used to combat these vicious operations our society could become enslaved, just as other societies have, by this sinister underworld.

Mr. Cowan: I should like to ask the hon. member for Lisgar if he is aware of the fact an Ontario Provincial Police officer was killed this afternoon on the grounds of the Royal Ottawa Sanatorium, according to a Canadian press dispatch? I refer to a member of the provincial force, not the municipal force.

Mr. Muir (Lisgar): This only illustrates, Mr. Speaker, that the trial period we now have

for abolition has not worked. Many sincere men and women have argued that society should not, under any circumstances, take a human life and, in any case, the death penalty was not a deterrent to murder. Is it not reasonable to suppose that society is concerned for those who help make it work by obeying these rules and without whom it could not exist? It can be argued that the death penalty is or is not a deterrent, although I must admit that I am far from convinced it is not a deterrent. One irrefutable fact is that it is a deterrent to the one who has already committed a murder.

One of the strongest arguments for abolition that occurs to me is that there is always the danger of an innocent man being convicted. It was this very argument that persuaded the government under the leadership of the present Leader of the Opposition (Mr. Diefenbaker) to amend the Criminal Code by dividing murder into two categories, capital and non-capital. Those convicted of non-capital murder, and this included minors, were subject to life imprisonment. This meant incarceration for a period of from eight to 20 years. Those convicted of capital murder, which included premeditated crimes, were subject to the death penalty. Under those conditions any judge or jury would be hesitant about convicting a man of capital murder upon circumstancial evidence. The risk of imposing the death penalty on an innocent man, particularly when one considers the appeals to which a convicted man is entitled, has been as far as is humanly possible eliminated.

Unfortunately, these amendments have never been given an opportunity to work since this government has commuted all sentences, no matter how heinous the crime. We have had, in effect, at a time when crime was on the increase, total abolition since this government took office.

In conclusion, Mr. Speaker, while expressing the greatest sympathy for the views of many good and sincere citizens who for various reasons would abolish the death penalty, I find that as a legislator the important issue is the protection of society from these criminal elements. As I see it, my duty as a legislator is to support legislation that would achieve the ultimate degree of protection for our citizens. I therefore intend to vote for the retention of the law as it now stands.

Mr. Keith Hymmen (Waterloo North): Mr. Speaker, I have listened with a great deal of interest as my hon. colleagues in all parts of the house have discussed both sides of the important motion before us, and the vital issue concerning the abolition or retention of capital punishment. A great deal has been said. Eloquent presentations have been made, and further discussion might appear to be redundant. However, because I feel that all opinions are important, and in order to provide an opportunity for all members to express themselves in the time which has been allotted, I will make my remarks very brief.

As the members who favour abolition present their case, I notice that a recurring theme in their argument is that capital punishment does not effectively deter homicide. This theory is immediately challenged by the retentionist, and the argument goes on with each side summoning impressive documentation for their respective positions. In my own studies, Mr. Speaker, and I have tried to consider this matter objectively, I have become convinced that there is no proof that capital punishment is an effective deterrent or the only deterrent force.

I believe that many statements and much evidence supporting this fact are typified by the rather concise statement, which might be considered a ready or available reference for the average Canadian, as found in the latest edition of the Encyclopedia Britannica. It is as follows:

> Regarding deterence, it is well established by statistical studies that (1) when comparisons are made between contiguous states with similar populations and similar social, economic and political conditions—some of these states lacking and others retaining capital punishment—homicide rates are the same and follow the same trend over a long period of time regardless of the use or nonuse of capital punishment; (2)—the abolition, introduction or reintroduction of this penalty is not accompanied by the effect on homicide rates that is postulated by the advocates of capital punishment; (3)—even in communities where the deterrent effect should be greatest because the offender and his victim lived there and trial and execution were well publicized, homicide rates are not affected by the execution; (4) the rate of policemen killed by criminals is no higher in abolition states than in comparable death-penalty states. Capital punishment, then, does not appear to have a specific influence on the amount or trend of the kind of crime it is supposed to deter people from committing.

Mr. Speaker, the point is certainly not that the Encyclopedia Britannica is a particular or ultimate authority in this matter, although I have been in touch with their editorial board who inform me that their statement is the result of many hours of study and research the world over. The point is rather that a

reasonable doubt exists as to the basic value of capital punishment. There is reasonable doubt that this nation gains any great benefit from the use of the gallows. It is my understanding that in their wisdom the courts of this great land caution the many Canadians who are asked as jurors to judge their peers to remember that, if a reasonable doubt exists, that doubt must free the accused and the condemned. Mr. Speaker, in this case, that doubt is present, and as a member of the jury judging capital punishment, I must, in all human conscience, cast my vote for abolition.

I have mentioned reasonable doubt as to the effective value of the ultimate penalty. There is another area of reasonable doubt which is in my opinion of prior importance and could well be the prime consideration in regard to the whole issue before us.

In this twentieth century, in spite of all the knowledge and experience at our disposal, there is possibility of error whereby an innocent person has, and under our present Criminal Code can be put to death for a crime which he or she did not commit. In this debate actual cases have already been mentioned in this connection. I am sure that there are and must be many more.

• (8:50 p.m.)

Professor Borchard, of Yale University, in his book "Convicting the Innocent", has collected 68 cases from England and the United States in which innocent persons have been convicted of crime. Twenty five of these cases involve murder. No doubt error is not discovered as often in murder cases as in others, With the execution of the supposed offender further investigation usually ceases, whereas in other kinds of offences investigation by the family, friends and legal advisers of the convicted person frequently continues.

I could refer to the royal commission in England appointed by Queen Victoria in 1864 and the summary report which quotes evidence by Sir Fitzroy Kelly, a former attorney general and solicitor general as follows:

> After careful consideration and examination, he has come to the conclusion that it is not in any way reasonable to be doubted that in many instances innocent men have been capitally convicted, and in certain numbers of instances, few of course, but yet formidable numbers, have been actually executed . . .
>
> He well remembers that there were, between the years 1802 and 1840, 22 cases of capital convictions, seven of which resulted in the execution of the convicts, and in the rest of which the sentence was mitigated, or a pardon granted. But in the whole of the 22 cases, the innocence of these persons was established, or at least, established satisfactorily to those who investigated the matter, and in most of the cases to the satisfaction of the advisers of the Crown.

It took the British parliament, which is the mother of this parliament, 100 years to recognize gross injustice and take steps to correct this injustice. This matter has been under consideration here, in this very place, off and on, for half a century.

Even the strongest proponents of retention, Mr. Speaker, if they will examine their own consciences, must have at least one reservation. This could be predicated on the possibility of an innocent person paying with his life for the crime of another. This possibility is usually minimized as insignificant statistically when viewed in the interest of the public and the nation.

In conclusion, Mr. Speaker, I must insist that while any shadow of doubt exists, while an alternative exists, no matter how imperfect that alternative may be we dare not use the prerogative which is ours to exercise the supreme penalty. If hon. members will consider this one point and this point only, I am sure that they will come to only one possible conclusion namely that capital punishment should be abolished.

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I appreciate very much this opportunity to put on the record for the benefit of the people who sent me here to represent them the reasons why I am going to vote as I will vote on the matter now before us. I have found it, as many others have confessed to finding it, a very difficult decision to reach. For many months there has been a deluge of literature and of arguments both for and against the abolition of capital punishment in Canada. Arguments have been drawn from many sources to support the opposite conclusions so strongly held by responsible individuals and highly respected organizations. In the end, each member of this house is left with the responsibility to weigh the evidence and to judge for himself or herself how his or her vote should be cast.

The purpose of capital punishment is to serve as a deterrent to crime. If capital punishment is not a deterrent to crime, then there is no reason to retain it as a penalty in our Criminal Code. This debate, then boils down to whether or not capital punishment serves as a deterrent to crime. I believe that it does, and holding this belief I cannot support the resolution for abolition.

Capital punishment is part and parcel of the over-all public discipline which builds respect, which maintains respect and which forces respect for law and order across the land. I am persuaded that it still has an important part to play in the maintenance of respect for law. Society seeks to protect itself co-operatively through the imposition of rules and laws. Individuals have very little power. It is through associations and organizations that they become strong. The rights and privileges of each is based on the rights and privileges of all. Protection of persons, protection of property, protection of all the freedoms that we enjoy is bound up in the maintenance of the rules and laws that have been established. Without law and order we have chaos. No organization of any kind can continue to exist without the enforcement of laws.

Laws are maintained by penalties. When no penalty is provided for infraction of the laws, there is little or no respect for that law. How far would we get in teaching people to respect the red and green lights on the corners of our streets if there were no penalties attached to violations of the rules? It is true that all those who violate the rules are not punished. Many people walk across the street —I have done this myself—when the light is not in their favour. But when doing this they realize they are breaking the law, and were it not for the penalties involved, and occasionally applied, there would be no respect at all for law.

The severity of the penalty indicates the importance of the law. Minor offences are punishable by fines. The more serious the offence, the greater the fine. Other offences are punishable by imprisonment or by both fine and imprisonment. Torture at one time was used as well, but that has been dropped. The ultimate penalty is capital punishment. It is presently reserved for capital murder and indicates the attitude of the Canadian people toward deliberate killing.

No child can grow up in this country knowing that capital punishment is a part of our Criminal Code and not realize that murder is a serious offence. No newcomer or visitor can doubt our national attitude toward murder while capital punishment is included in our statutes. This is one of the reasons I support its retention.

Arguments have been offered that we should abolish capital punishment because it is barbarous, uncivilized and unbecoming of a progressive nation in this enlightened age. I cannot agree that this age is sufficiently enlightened that it is beyond the need for penalties in law enforcement. True, we have made great progress in the field of scientific achievement and in the science of government, but has human nature changed to the same extent? I think not.

Criminals have moved ahead with the times. They are more sophisticated, they are more scientific and they are more legalistic. They go for the quick "buck" through modern methods which they seek to operate within the law. They have a fuller understanding of legal procedure and are better able to cover their tracks. I do not believe that human nature has changed to the point where it is unimpressed by penalties for wrongdoing, and this being so I believe it is unwise to stop at any penalty short of the ultimate one.

This country is now disturbed about a rape-murder case which arose some years ago at Clinton, Ontario. This country is suffering pangs of regret about a similar case at Aylmer within recent weeks. That case is still unresolved. Within recent days this country was horrified by the confessed rape murder of a five year old girl by a man in his thirties.

Where is the civilization, the purification, the improvement in human nature that can now justify the removal of penalties from our law? We need penalties, penalties to suit the crimes; and for the ultimate crime we need the ultimate penalty.

Across this country there are children playing in school yards, in playgrounds and in the streets. Some of our women and girls have to find their way home from their employment after nightfall. Are we to relax the protection which has been devised for the protection of the weak? I say that we should not.

• (9:00 p.m.)

The use of capital punishment is said to be unbecoming to civilized people. Is not crime unbecoming to civilized people? When civilization succeeds in eliminating crime, then penalties can be eliminated. Can we convince people that elimination of penalties will result in the elimination of crime? I think not.

I agree with those who contend that penalties should not be used as retaliation against criminals. Penalties should not be imposed by society for revenge. Penalties should be imposed to protect society by restraining criminals, by discouraging crime and by inspiring respect for law and order. Punishment adds

substance to the promise of punishment. The ultimate protection therefore comes from the ultimate promise.

One of the arguments used for promoting the abolition of the death penalty is that mistakes have occurred in assessing guilt, and there is danger of an innocent person being executed. The weakness of this argument lies in the fact that if we accept it in connection with capital punishment we should be consistent and accept it in relation to all punishment. All punishments carry the same risk or error. Danger of error applies all across the board. Are we to withhold punishment for all wrong-doing because an innocent person may suffer?

The possibility of error in assessing guilt is a matter for the courts. Every person under our law is presumed innocent until he is proven guilty beyond a reasonable doubt. The possibility of error in assessing guilt calling for capital punishment is no more valid as an argument in favour of abolition than is the possibility of error in assessing guilt for any other kind of crime, a reason for outlawing all punishment.

I believe that our present laws concerning capital punishment are as close as we can get to a fair balance between the exercise of mercy and the imposition of a penalty severe enough to discourage the crime of murder. In July, 1961, parliament revised the Criminal Code with regard to the crime of murder. Murders were divided into two classes, capital murder and non-capital murder. The list of killings coming under the heading of capital murder, for which judges are compelled to impose the death sentence, is very limited. It includes planned and deliberate murder and encompasses the murder of police officers and prison guards. All other killings are classed as non-capital murder and carry a mandatory sentence of life imprisonment.

Every death sentence must be reviewed by an appeal court and by the cabinet. The cabinet has the power to commute any sentence of death. Very few executions have taken place since this change in the Criminal Code was made.

I have no criticism to offer in this respect. I hope that governments can frequently find sufficient reason for commuting the death sentences that are imposed by our courts. I hope that some redeeming features and some hope for rehabilitation can be found in all murderers, but I remain convinced that the ultimate penalty should remain on our statute books to be used in the discretion of the government when necessary to stay the hand of those who would deliberately kill their fellow men.

Penalty is the price for wrong-doing. The ultimate penalty is the price for the ultimate crime. Everybody pays. The guilty one, the family of the guilty one, the friends and neighbours of the guilty one, the police, the judge, the court officials, the sympathetic people of the nation. Everybody pays.

Our laws are a legacy from all the generations of mankind that have preceded us. Our laws are designed to promote the happiness and well-being of our generation and generations yet to come. They are the product of experience, of trial and error. They are made to fit human nature—not to fit human nature as we hope it might be, but to fit human nature as it is, as it has proved to be.

I wish to support the capital punishment law as revised in 1961. I believe it is good law and should be continued for a much longer period before further change is considered.

There is one matter I should like to place before this house, and I do so in all humility. I have not had the advantage of legal training but it does seem to me that a situation has developed which should be given serious consideration. An editorial in the *Globe and Mail* of Friday, March 25, outlines the attitude of a court dealing with a charge of murder. It states:

> Mr. Justice Eric G. Moorhouse (the judge in the case) agreed to a reduction of the charge to one of non-capital murder after this had been requested by counsel for the defence and concurred in by the Crown. The accused pleaded guilty to a lesser offence.

This particular case involved the man charged with the rape murder of a five-year-old girl. The editorial continued:

> There is nothing particularly unusual about this course until one considers the factors by which Judge Moorhouse apparently allowed himself to be guided. He commented: "I think this court is bound to take notice of the fact that the penalty for capital murder has not been exacted for some time, and in view of this I can see no useful purpose in proceeding with this case in the hope of obtaining a verdict of capital murder."

• (9:10 p.m.)

I quote this in order to indicate that there is uncertainty in Canada today concerning the policy of applying our laws in this area of capital punishment. The death penalty is provided for in our Criminal Code, but there is doubt in the public mind about the extent to which it is being used. The judge's statement at Bracebridge indicates this. This debate and this decision by parliament is being

closely watched. If abolition is recommended by the house in the forthcoming vote there will be no problem, but if abolition does not carry, then there may be a measure of discrimination in the treatment of those now under sentence of death.

To allay any doubts about this I would recommend to the government that consideration be given to the commutation of all death sentences presently imposed. It is unjust that some death sentences should be considered under a set of conditions prior to a decision by this house and that other sentences should be considered after a decision is taken by the house, when in both cases the sentences have been imposed under the same set of laws and under the same set of circumstances. It would be much better if all sentences heretofore imposed be commuted before a decision is taken by the house, and then a new start could be made after that decision is made. I commend this to the consideration of the government.

[*Translation*]

Mr. Antonio Thomas (Maisonneuve-Rosemont): Mr. Speaker, in rising to make my maiden speech in this house, I must admit quite frankly that I do so with deep sadness, due to the disgraceful events of the past weeks, and having to speak on such a serious, burning and controversial subject. I realize that everyone of us is entitled to his own opinion, keeping in mind that, as members of parliament, we are also spokesmen for our constituents.

Therefore, I wish to thank those who have helped me in taking what I believe is the best course by making their views known to me, even though I may disappoint those who do not share my views. But in a sound democracy, the minority must yield to the majority, and if the rules of the game are followed, there is less chance of coming to a deadlock or of causing misunderstanding. Starting from that principle, I am in favour of maintaining the death penalty for capital murder and my decision is based more on reason than on feelings.

Capital punishment must be applied to protect society and, in my opinion, it is not out of revenge but for the common weal. To abolish this penalty would result in depriving society of security and encourage contempt of the law.

If a criminal knows, when committing a crime, that the only punishment awaiting him is detention in a penal institution, then society is actually looking for trouble. To oppose capital punishment is not necessarily an indication of great moral strength or of social progress; it could rather be a sign of decadence.

It is not so much a matter of knowing what is good for the criminal, than what is necessary to maintain order within society and to protect lives and also ensure the safety of the citizens. In fact, it is easier to pardon than to condemn in our times, when no personal prejudice is involved.

Man has a tendency to self-delusion, and deems himself wiser and kinder than God. Let us not forget either that man-made justice is only an earthly decision, willed by God; I am considering only the case where the guilty party is truly guilty. God withholds his heavenly judgment. It cannot be denied that earthly justice is not perfect as divine justice is.

Should we believe that all murders should be liable to capital punishment? Obviously not. We must not ask that capital punishment be applied to all cases. Judges and juries must then take everything into account to determine the degree of the murderer's responsibility.

Psychology, psychiatry, criminology, sociology must help them to differentiate between a fully conscious action and the deed committed by a murderer temporarily blinded by anger, jealousy, despair, circumstances, etc.

Consideration must also be given to the influences exerted, to family and community responsibilities, to the age of the culprit, whether it is a first murder or a relapse, and alway remember that, except in cases of utter degradation, man always maintains some freedom, hence some moral sense.

It can be deemed probable that certain tendencies to eliminate the concept of sin and repentance will be harshly judged in the future. Such an attitude makes it too easy to release a prisoner, giving him the opportunity to commit further crimes; furthermore, early release reduces the benefits.

To conclude, capital punishment cannot be rejected under the claim that man may not pass judgment on his neighbour. The judge, of course, must never seek to make a final decision on the culprit, since only God can do it, and has the right to do so, but he must weight the deeds and seek to determine the degree of responsibility.

If this responsibility is clearly established, and if extenuating circumstances are definitely inadequate, the judge may have to condemn the accused, but never in a vindictive spirit or according to the "eye for an eye" philosophy.

On the contrary, he must do it only to protect society and with a feeling of suffering and humiliation, for the whole of society must also feel partly responsible for the wrongdoings of the accused and if the state is denied the right to take the life of one of its members, it should, by the same token, be denied the right to deprive a man of his freedom forever, leaving him without hope of freedom or rehabilitation. The argument for the substitution of life imprisonment to capital punishment is thus deceptive. However, I would favour a less inhuman means of execution than hanging.

In conclusion, Mr. Speaker, I may say that I have tried to present my personal views, freely and according to my own conscience. Before resuming my seat, may I take this opportunity, since I could not do so earlier, which explains my lateness, to congratulate you on your appointment, which I do as warmly and sincerely as those who spoke before me.

• (9:20 p.m.)

[*English*]

Mr. Melvin McQuaid (Kings): Mr. Speaker, in rising to take part in this debate I do so with a full realization of the fact that the matter of the abolition or the retention of capital punishment can be the subject of much emotional sentimentality and argument which in the final analysis will contribute very little to the final determination of the question. This, of course, is a very controversial issue in respect of which attitudes in many cases are deeply rooted and highly motivated in the minds of the respective advocates. They are capable of arousing powerful emotions. We must, therefore, be careful not to stigmatize the abolitionist as necessarily being on the side of crime and castigate him for wasting his sympathy on cold-blooded killers by the same token, those who favour retention must not be stigmatized necessarily as being heartless and lacking in mercy.

This, as I said, is a very controversial issue in respect of which good people honestly are divided, all having high motives in their respective convictions and each advocating that which he thinks is best for society. You might ask yourself why anybody from the province of Prince Edward Island would even interest himself in the question of capital punishment, because in the four year period from 1961 to 1964 inclusive we have had only one murder in that province, resulting in one victim. As a matter of fact, statistics will indicate that we have the lowest incidence of crime of any province of Canada. In the last year for which Dominion Bureau of Statistics figures are available we had only 81 persons charged with indictable offences, resulting in only 75 convictions—one in every 1,440 people, the lowest by far of any province in Canada.

We are justifiably proud of the law-abiding tendencies of the people of our small province, of the very effective work done by our police forces in suppressing serious crime, and the very efficient work done by our social agencies in diverting in some other direction those who may have a possible propensity to crime. We have approximately 21,000 young people in our province between the ages of 10 and 19 years and of that number, during 1965, we had only 35 brought before the juvenile court. This represents only one in every 600 between the ages of 10 and 19. I suggest this is a remarkable record and a very clear indication that fathers and mothers are giving more than mere lip service to respect for the law, and are instilling this same respect in their children. I am sure that had we more of this, the retention or abolition of capital punishment might not loom so large on the Canadian horizon today.

I am very interested in an article which appeared recently in an issue of *The Christian Science Monitor,* entitled "Are you a delinquent citizen?" It asks the question "Where does crime start?" and continues to state that the answers are almost unanimous.

> Whether couched in psychiatric terms, in the scholarly language of the educator, or in the hard vernacular of the professional policemen, all point in one direction: the home.
>
> Another major institution that can and does help prevent delinquency is the church.

These factors, as I say, are important; if we had more direction from the home base, we might not be so concerned about the abolition or retention of capital punishment. I am convinced, however, that we in this house have an almost inescapable obligation, irrespective of where we come from, to speak out on any social problem of such magnitude and importance as this. I think the government is to be congratulated for bringing the question before us in such a manner that we are able to vote on it without regard to party lines.

In Canada, for the past three years, we have been abolishing capital punishment by commutation of the death sentence, by cabinet order. This, Mr. Speaker, I suggest, is a quite dangerous practice and one which is very unsatisfactory, unless the jury which has tried the case has recommended mercy for the accused.

After having made a rather careful study of what purpose capital punishment is intended to serve, and after having given careful thought to how it has achieved that purpose, I cannot but conclude that complete abolition would endanger the lives of our citizens and would do away with the greatest safeguard the police have in dealing with dangerous criminals. Complete abolition would, I maintain, endanger the lives of our citizens, because I do not think there is anything which will achieve the degree of deterrence so much as punishment by possible loss of life. It is true that it has failed as a deterrent after the murder is committed, but that does not mean that it may not have deterred many other people, and we will never know how many people have abandoned the idea of murder because of the fear of execution if they are caught and convicted. We are not able to examine the mental processes and attitudes of the potential murderer. We cannot look into his heart to see what actually goes on there.

• (9:30 p.m.)

Human nature being what it is, it is very difficult for me to be convinced that somewhere along the line—and I speak now of course only of deliberate planned murder—the person planning the murder did not think of the penalty. After all, it is only common sense to assume that what will happen if you are caught forms a part of your thinking. When murder is premeditated, I maintain that the consequences in the event of detection must certainly be taken into consideration. It has been very correctly said that no value is stronger than that attached to the preservation of life, and I submit that proof of this lies in the fact that every accused murderer fights for his life at his trial and will not give up until he has carried his case to the highest courts available to him, and has exhausted every means at his disposal to maintain and prove his innocence.

Abolitionists will argue that there is always the danger of an innocent person being convicted and put to death. That is possible, Mr. Speaker, because we do not have a perfect system; but it is not I suggest ever a practical argument because our system of law administration in dealing with murder cases provides the necessary safeguards to protect the really innocent.

First of all, we have an inquest into a death. Then we have a preliminary hearing before a magistrate. Then, in those provinces which still maintain the grand jury system, we have an inquiry by the grand jury to determine whether or not there is sufficient evidence against an accused to warrant putting him on trial, or to warrant bringing in a true bill against him. Should a grand jury determine that a true bill is warranted, then we have the trial itself before an impartial judge and 12 independent and impartial jurors—peers of the accused. A verdict is rendered not by the judge but by the 12 impartial men.

After all this, when an accused is convicted by a petty jury he then has the right to appeal, and this right is provided whether he requests it or not. During all these steps the accused is represented by competent counsel and if he cannot afford his own, one is provided for him at no expense. No man is allowed to plead guilty under our law to a charge of capital murder. I am satisfied that no accused is discriminated against by reason of wealth, race, colour or creed in so far as the application of the death penalty is concerned.

Justice is a relative concept which changes with the type of crime. This principle is recognized throughout all our codified law. I think it was the hon. member for Middlesex West (Mr. Thomas) who pointed out during his speech that a minor traffic violation, for example, is not subject to as severe a penalty as is a conviction for breaking and entering. A conviction for breaking and entering is not subject to as severe a penalty as a conviction for armed robbery, and so on down the line. The punishment inflicted should, and I submit it does, reflect our abhorrence of the crime. Planned and deliberate murder is one of the most abhorred and, therefore, the punishment inflicted should be a mark of our revulsion for it.

Having established, at least to my own satisfaction, that the death penalty has a specific deterrent, that it has a deterring effect which would not result from any other form of punishment, I must assume the position that it should be retained in respect of all cases of capital murder. I am therefore obliged to vote against the present resolution.

[*Translation*]

Mr. Jean-Eudes Dubé (Restigouche-Madawaska): Mr. Speaker, I do not intend to unduly prolong the debate but I want just the same to make a few remarks in order to explain how I will vote.

I think that I owe it to my constituents and to those who got in touch with me to give the reason for my decision.

As a former crown prosecutor, it was given to me to fight crime and my natural tendency is certainly not to pamper criminals. However, on the occasion of this debate, like all hon. members in this house, I had to study a number of documents favouring abolition or retention of the death penalty. I felt I had to do some research, to listen to several excellent speeches made in this house and most of all, to give that matter some thought.

I must admit that I was in favour of retaining the death penalty. I accepted as a matter of fact the proposition that the death penalty was an efficient deterrent, that it was a protection for the society, that it was a just punishment, and that in any case, our sympathy should go to the parents of the victim rather than to the criminal himself. I realized that hanging was a barbaric act, but I accepted it as being without any alternative and necessary to protect society.

Mr. Speaker, I must admit that I have now changed my mind and I do not hesitate to say that I will vote for the abolition of the death penalty.

I do not intend to mention in this brief speech all the arguments which influenced my decision. Besides, I would only be repeating what others have said better.

Allow me to add that I was greatly inspired by the debate in this house, by the writings of Thorsten Sellin, Arthur Maloney and Arthur Martin, also by comments made by Father Ambroise on a radio program called 'Chez Miville", and by three articles by Father Jean-Paul Régimbald which were published quite recently in *Le Devoir*.

In my opinion, Mr. Speaker, the first question which arises is whether the death penalty really protects society.

As pointed out by Father Régimbald, whose name I just mentioned, and who is a former prison chaplain, there are three types of murderers:

(1) The calculating murderer who plans his crimes before hand.

(2) The emotional murderer who commits his crime under stress;

(3) The hired murderer, a mercenary who kills for money.

The first one, the calculating murderer, only acts when he is convinced that all his preparations are so perfect that he will not even be arrested.

The second one, the murderer carried away by passion, does not even think of the death penalty.

As for the hired killer, he is not afraid of anything, not even of dying.

Therefore, it seems that capital punishment is not too effective to deter the three kinds of murderers from committing their crimes.

As a matter of fact, there is no indication that abolition of the death penalty, in certain countries or some American states, resulted in an increase of murders.

Statistics referring to American states or other countries that have abolished or retained capital punishment were quoted several times in the house. Tonight, I wish to give but a few examples.

Wisconsin, Maine and Michigan, three states which abolished capital punishment, have the following rates of murder per 100,000 population: 0.9, 1.4 and 3.3 respectively. On the other hand, Florida, South Carolina and Georgia show rates of 7.7, 10.1 and 10.3 respectively. And yet those last three states have retained the death penalty.

It is true that those six states are not located in the same region, so that comparisons are imperfect. But, even when you compare American states in the same area and with similar population distributions, statistics do not reveal any increase in the number of murders in those where capital punishment was abolished.

In New England and Massachusetts, where capital punishment has been retained, the incidence is 1.8 for every 100,000 people, while in Maine, as I said a moment ago, where capital punishment has been abolished, the incidence is 1.4.

Therefore, it is far from being proven that the death penalty has a deterrent effect.

If the death penalty is not an efficient deterrent, should it nevertheless be retained as a punishment? Is it conceivable that, in 1966, our civilization has not made sufficient progress to rid itself of the law of retaliation?

Can we really find support in the Holy Scripture to maintain that the state should kill murderers?

In the Sermon on the Mount, Our Lord said: "Ye have heard that it hath been said 'an eye for an eye and a tooth for a tooth', but I say unto you that ye resist not evil: but whosoever shall smite thee on thy right cheek, turn to him the other also . . ." and, in Mathew 5:17: "I am not come to destroy the law but to fulfil it."

The first murderer was Cain. Did God take his life for having killed his brother? He cursed and banished him, but he marked him so that no one would hit him.

Is it not a basic principle of Christianity that God does not want the death of the sinner but his conversion?

The human being slowly progressed from the cave to the tribe and to society. It also progressed from the club to the stake to hanging. Must it now stop at the rope or the electric chair? Or must it not find a civilized solution in keeping with its level of civilization?

Of course, the abolition of capital punishment must not mean that society will no longer be protected.

In general terms, life imprisonment will have to be substituted for capital punishment.

Our penitentiaries will also have to be completely reformed to give prisoners modern and adequate psychiatric and psychological care in order to rehabilitate them.

It will be necessary to find ways of making prisoners useful and productive so that their work may compensate the state for its expenditure.

Perhaps we should study the possibility of prisoners working outside penitentiaries and contributing to the development of our natural resources in certain parts of the country such as the North, where escape is practically impossible.

If our system of rehabilitation and discharge is sufficiently improved, the day may come when some definitely rehabilitated and repentant criminals will be able to resume normal life and pay their debt to society by their contribution.

I think that a decision in favour of the abolition of capital punishment would be a positive gesture worthy of the high reputation of this house and would provide a magnificent ending to a memorable debate of which we may justly be proud.

[Mr. Dubé.]

• (9:40 p.m.)

[*English*]

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I do not propose to enter into the debate on whether or not capital punishment is a deterrent, beyond pointing out the fact that those in this house who have advanced the idea that capital punishment is no deterrent have been able to bring forward statistical proof, or statistical evidence, shall I say, and sociological studies that appear to bear out their position, while those who are convinced that capital punishment is a deterrent have been completely unable to advance any statistical or sociological studies that would bear out their position.

I think one of our problems in a case like this is the question of what lies at the back of our thinking and attitudes. This is one of the most difficult things for human beings to discover. We have to, as it were, sneak up on ourselves to find out just what makes us behave as we do, just what makes us take the positions that we take; and all of us, of course, have a tendency to rationalize our position and assure ourselves and others that we take this position from at least a logical point of view, and perhaps from considerations of nobility.

I suggest that our attitude toward murder is based on terror and fear, because murder is a fearful and a terrible thing. It drives home to us suddenly the very thin shell of civilization that protects us from violence and a relapse into savagery. As a consequence we have very strong emotional reactions against murder. But I would suggest that fear and terror are poor counsellors.

I have also noticed in the course of this debate a strange confusion between personal, individual indignation and rage and outrage, and public policy. I do not suggest there is anyone here—I would hope there is not—who coming across a murderer in the process of committing his crime would not do his best perhaps to kill that murderer with his bare hands. In some circumstances he certainly would, without any consideration of what led the man to take this step, without any consideration of the various factors involved, but merely immediately to try and destroy that man in rage and fury. However, Mr. Speaker, I submit that is a very different thing from agreeing to have somebody else later, many months later, destroy this life, on our behalf, in cold blood.

• (9:50 p.m.)

As I say, Mr. Speaker, I would expect that most of us would do this because it is a generous impulse that provokes this rage and indignation. But it is not a generous impulse that suggest, "Let us get the hangman. Let him go and hang this man for us." I say this because I think we should realize that in no murder trial is it possible for all the facts to come out. The facts go far behind the actual crime of murder. I have heard a great deal in this debate about protecting society from those aberrant individuals, but I have heard practically nothing in this debate about protecting the individual from what society does to him. Unless we can go along the strange, dark, twisted road that a human being has to go before he finally commits the crime of murder, we are in no position whatever to judge him. We are judging not a man who has suddenly become a murderer, we are judging a man who, through force of circumstances or how society has treated him, has been twisted and brought to the point where he is able to commit this crime.

I think the proof of our real attitude toward this fellow, Mr. Speaker, is how we go about it. We do not take the murderer and hang him in the market place. We do it in the dead of night. We do it in secret and in private. Whenever we do something on those terms, it is something we are ashamed of doing, otherwise we would not do it this way. We are ashamed of it even though we will not admit it.

Usually we are ashamed of evil things. I know there are many who are not convinced by this argument. I know there are many who still have fears and apprehensions they have been unable to overcome. They have been unable to overcome their quite natural fear of murder. To those I would say the amendment produced this afternoon by the hon. member for Rosedale (Mr. Macdonald) putting forth the idea of a five-year trial period, should be the answer. Last year in November in Great Britain the British House of Commons passed the Murder (Abolition of Death Penalty) Act. It was passed on November 9, 1965 and is to expire on July 31, 1970, unless the British parliament by affirmative resolution of both houses otherwise determines. The abolition of the death penalty for murder was for offences corresponding to murder, murder under the Army Act and under the Naval Discipline Act, and substitutes instead a sentence of imprisonment for life, except in the case of a person under 18 at the time of the commission of the offence, who is to be detained during Her Majesty's pleasure.

On sentencing a person to imprisonment for life, as above, the court may declare the period which it recommends as the minimum period which should elapse before release on licence; and no person convicted of murder is to be released on licence unless the secretary of state has had prior consultation with the Lord Chief Justice, together with the trial judge if available.

The act reads as follows, Mr. Speaker:

> No person shall suffer death for murder, and a person convicted of murder shall, subject to subsection 5 below, be sentenced to imprisonment for life.
>
> On sentencing any person convicted of murder to imprisonment for life the court may at the same time declare the period which it recommends to the secretary of state as the minimum period which in its view should elapse before the secretary of state orders the release of that person on licence under section—
>
> For the purpose of a proceeding on or subsequent to a person's trial on a charge of capital murder, that charge and any plea or finding of guilt of capital murder shall be treated as being or having been a charge, or a plea or finding of guilty, of murder only; and if at the commencement of this act a person is under sentence for murder, the sentence shall have effect as a sentence of imprisonment for life.

I would plead with those who, after giving serious consideration to this, feel they cannot support the abolition of capital punishment without some provisos, to give this five-year trial period a chance. Let us see what comes out of it. Five years should be sufficient to settle this argument as to whether or not capital punishment is a deterrent.

Mr. Vincent: We have had a three-and-a-half year trial now.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Yes, we have had a three and a half year trial. If we want to take that into consideration, then there is your proof that capital punishment is no deterrent and that the abolition of capital punishment does not promote homicide.

I am suggesting that unless you are prepared to accept that, and any rational person would be, then we now have a chance to have a certain set period from the date of the passage of the amendment to the Criminal Code, in which to see if the statistics which we have had to date are borne out during that five-year period. As I said, I am not going to enter into any argument as to

whether it is a deterrent. Nor am I going to enter into the argument on religious grounds because I do not feel qualified to do so. I suggest to those who have been quoting biblical authorities for the taking of human life by capital punishment, that there is more than one portion of the Bible. Perhaps closer attention to the teachings of Jesus of Nazareth rather than to some of the more blood thirsty prophets of the Old Testament might produce religious arguments more in keeping with the spirit of today.

I would hope, Mr. Speaker, that this amendment will carry and that the resolution as amended will carry. I say that all those who feel that capital punishment is a blot on our present civilization, and all those who fear its abolition, will have at least part of their point of view represented for five years, to see which has the right of it in this serious moral question of taking human life.

May I call it ten o'clock.

Mr. McIlraith: Before ten o'clock is called, may I ask that we continue the sitting to debate this issue? I suggest that we sit for another hour and a half and I also suggest that there be an understanding that there will be no vote taken tonight. We would provide for hon. members to make speeches for another hour and a half if that is agreeable.

Mr. Starr: First, of all, may I say this is agreeable to us. I should like to ask for clarification of one point. We now have an amendment before us, and there is the likelihood another amendment will be introduced. Will all these amendments be voted upon at 5.45 tomorrow, or is there a possibility of voting prior to that time?

Mr. McIlraith: The order of the house is so drafted that there is a possibility of a vote on any amendment being taken at any time during the debate. The order provides that tomorrow at 5.45 the proceedings shall be interrupted and any amendments then before the house must be voted upon at that point. This order is to permit further amendments; but an amendment could be voted upon at any time before that.

My suggestion is that we agree that there will be no vote taken tonight in view of the hour, but that hon. members be permitted to speak for another hour and a half.

Mr. Knowles: There is just one problem with regard to sitting late, and I think we can resolve it. I refer to the debate on the

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

adjournment motion. I remind the house leader that we deferred these questions from last Tuesday night, so there is a backlog of them. I wonder if we could agree to having the adjournment debate right now, so we do not keep the ministers and others here too late. Then we could return to this capital punishment debate until 11.30.

• (10:00 p.m.)

Mr. McIlraith: No; since there is a limited time for this debate on the abolition of capital punishment, I should like to feel that all hon. members who wish will have an opportunity to speak. Surely we could make some other arrangement regarding proceedings on the adjournment motion.

Mr. Knowles: What does the minister suggest?

Mr. McIlraith: That we have the questions retain their order of precedence and that we take them tomorrow night on the adjournment motion.

The Acting Speaker (Mr. Rinfret): Is it agreed that this house will sit until 11.30 p.m., on the understanding that there will be no division tonight?

Mr. Scott (Danforth): Mr. Speaker, I want it to be clear that included in the order is the understanding that the questions which were to be taken tonight on adjournment will retain their present status and be taken tomorrow night.

Mr. McIlraith: They will retain their present order of precedence and will be taken tomorrow night after ten o'clock.

The Acting Speaker (Mr. Rinfret): Does the house agree with the observations made by the hon. member for Danforth (Mr. Scott), in addition to what I said previously, that we sit until 11.30 p.m. and that no division will take place tonight?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Rinfret): The hon. member for Nanimo-Cowichan-The Islands.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I was just standing up to say that I have finished my argument, and I would like somebody else to carry on now.

Mr. S. Perry Ryan (Spadina): Mr. Speaker, our attention has been focused on the subject of capital punishment for some months now in view of the promise of this debate. It has

been our duty to look into the subject carefully, and probably all of us have done so. We have read statistics and claims regarding both sides of the question, as well as considered views pro and con from any interested sources. I have been wrestling, even writhing, with my thoughts on this question for some time now. Many of my constituents from Spadina have endeavoured to be, and have been, of assistance to me with their letters and articles. Recently I circulated a questionnaire throughout my riding which included the capital punishment question. Many replied to the question, but their answers showed that opinion was divided about 50-50.

Several weeks ago I thought I could resolve my quandary by being in favour of the abolition of capital punishment except for certain types of particularly heinous murders, such as those which result from the exploding of a bomb on an aircraft or the premeditated poisoning of a testator. But the manner in which the resolution is framed leaves me no escape. To vote no would be to turn back the clock to the days when it was essential summarily and crudely to dispose of anti-social human beings; to the day when there was no other practical way to deal with them and with the menace they constituted; to the day of the sadistic guillotine, of garrotting and the gallows. To vote no would be to continue to sanction the crudity and the obsenity of hanging, the human species out of hate, not out of necessity.

The state undoubtedly has the right, a right it no longer exercises, to take an eye for an eye or a limb for a limb. So why should it insist any longer on a life for a life, taken in such revolting and vindictive fashion, as was the case in Canada up until three years ago? To vote no would be to continue the risk, even with the safeguards of our advanced society, of sending an innocent or even an insane person to the gallows. For the law is certainly not an exact science, something for which the lawyer is prepared to vouch. Medicine cannot always detect a man's aberrations in advance of trouble, or afterwards. We just do not know how many brain complications have altered a man's personality or impaired his tolerance for alcohol. As Oscar Wilde well put it:

> No man can tell to what red hell
> His sightless soul may stray.

To vote an absolute no would be to fail our advancing civilization and its increasing respect for the sanctity of human life. But to vote "yes" means asking some very serious questions: Is capital punishment more of a deterrent than life imprisonment, and will its enforcement save innocent lives? It means sparing from the gallows all murderers, traitors and pirates without exception and substituting for the death penalty a mandatory sentence of life imprisonment.

I am not sure whether capital punishment is more of a deterrent, or much of a deterrent at all, or whether it does or does not save innocent lives. This is my uncertain conclusion after examining the statistics available in the material with which we have been suppled. To give an example. In the decade of the 20's, when times were good, and in the 30's when times were bad there were many more capital crimes committed in Canada than in the 40's, 50's and early 60's. In the United States, the states which do not have the death penalty are mostly northern states, and these states have a low murder rate anyway. In 1953 the murder rate in Georgia was 14 times as high as in North Dakota and Minnesota, though the state of Georgia had capital punishment and the latter two states had not. I could pick out illustrations which might tend to show the reverse and prove that capital punishment is more of a deterrent than life imprisonment. But I find nothing that is really convincing. I feel I could maintain equally well the thesis that when the state takes a life by violence it encourages individuals to feelings of a similar kind.

• (10:10 p.m.)

For these reasons, subject to the questions of proper punishment and prevention, I can only conclude that the abolition of capital punishment in this country for the entire future makes sense, and somewhat to my own surprise I find my investigations have led me to support the whole principle and not just a part of it. This is why I did not vote for the amendment which was put earlier this day. The sanctity of human life must, it seems to me, be the deciding factor, and having taken this view it is indivisible. I recall the famous words of Sir Marshall Hall, the great English barrister, who shook many a jury with these words in capital cases:

> How can you teach your children mercy and reverence for life when by your actions, your verdicts and your speech you contradict the very things you teach?

Unlike one hon. member who spoke earlier in this debate, Mr. Speaker, I feel with Marshall Hall that there is an element of inconsistency and contrariness in the state's taking life in the hope of deterring the taking of like. I have considered advocating the dispatching

of certain traitors and murderers by more humane methods, but consideration of the principle involved prevents me from picking and choosing. Despite animal-like behaviour I am not prepared to admit that man is an animal, even when he is dangling at the end of a rope, or burning in a chair, or being boiled in oil as used to be the case in the old days.

We cannot hope to instil reverence for life in those who kill when they are insane; but they are not executed. We can hope to make progress with the ignorant and the underprivileged, and in Canada we have already done so and can continue to do so. Our capital crime rate is about one third of that in the United States. Some southern states have ten times as much trouble as we do in this respect.

In the United States in 1935 there were 199 persons executed. By 1964, due to the abolition of capital punishment, and commutations, only 15 persons were executed in the whole of the United States. This shows that our neighbouring society is either recognizing the preciousness of human life or the utter futility of exacting a life for a life.

There were many who were not unhappy with the distinction between capital and non-capital murder as defined by the last Conservative regime. Many thought that the hon. member for Kamloops (Mr. Fulton), as the then minister of justice, had affected some admirable amendments to the Criminal Code, but now it is plain that they have been scuppered by the age old prerogative of commutation, an executive act.

This was a likelihood that no one foresaw or admitted as likely at the time. The power of commutation was originally intended to be exercised only in cases of grave political import, cases peculiarly involving the interest and security of the state. Gradually this power became the "rule of no law" in the hands of the cabinet, and particularly so after capital murder was defined. This power to pick and choose a victim with an uneven hand was soon so obviously unfair and reprehensible that this government has been led to the position where all death sentences to date have been commuted.

I say to hon. members that I am not blaming either the former government or this government for this evolutionary and conditioning development, but I would like to make it clear that after sparing 20 or more murderers by commutation over the last three years, to be absolutely fair, just and consistent this country is almost committed to abolish capital punishment for all crimes for all time.

I feel, Mr. Speaker, that sure detection, swift apprehension and proper punishment are the real deterrents to crime. In my own mind there only remain the questions of proper punishment and proper prevention. These are all that remain to be considered in respect to this resolution. In this connection I strongly feel that a mandatory life sentence for offences, that by definition in our Criminal Code presently bear the death sentence, is a proper punishment if it is carried out or is substantially carried out.

Our practice in Canada has been to consider a life sentence as a sentence of 21 years only and that lifers be released after serving about 12 years, or even the minimum requirement of 10 years for good behaviour. This practice is so common that a 25 year sentence is more feared than a life sentence by a hardened criminal. Mr. Speaker, the Parole Act, Revised Statutes of Canada 1958, chapter 38, provided that certain regulations could be passed in respect of time of parole. Regulations were passed on two occasions subsequent to the passage of the act. The most recent regulations were brought into effect by order in council, 1827 on December 3, 1964. By these amended regulations, section 2 of the Parole Regulations, as it then existed, was revoked and the following substituted therefor—and I will read only part of it:

> (3) A person who is serving a sentence of imprisonment to which a sentence of death has been commuted, shall serve the entire term of the sentence of imprisonment unless, upon the recommendation of the board, the governor in council otherwise directs.
>
> (4) The board shall not recommend a parole, in a case coming within subsection (3), until at least ten years of the term of the imprisonment have been served.

So the floor is now ten years. After that a prisoner can apply for parole even though he is sentenced to life. Under these circumstances, Mr. Speaker, I maintain the punishment is insufficient; there is not sufficient protection against repetition, and the house should therefore, I submit, amend the Parole Act and its regulations to put in a floor of at least 21 years on paroles in respect of a mandatory life sentence. I would settle for 20.

If a person be convicted of non-capital murder, as we presently understand it, then I would have no objection to part (c) of the resolution, save that these cases probably

should not go to the governor in council at all; but if a person be convicted of treason, piracy or capital murder as we presently understand them, then the application of part (c) with its open door feature should be of grave concern to all hon. members. I suggest to all hon. members that there should be a guarantee in the public interest that a person guilty of murder in one of the worst categories that we already have catalogued, and know as capital murder, should not be paroled or pardoned for at least 21 years. I submit this is necessary in order that this resolution may have the confidence of more members of this house and the confidence of the public.

So that there would be no possibility of any tampering with the carrying out of a life imprisonment sentence in what are regarded as capital murder cases or the equivalent, I was going to move an amendment, seconded by the hon. member for Norfolk (Mr. Roxburgh), but I was anticipated by another amendment; however, that amendment would have been that the resolution be amended by adding to paragraph (c) of the said resolution the following words:

Provided that no such release shall take place in a case where the death penalty is now mandatory before such person has served at least 21 complete years of such life imprisonment sentence in prison.

• (10:20 p.m.)

Mr. Speaker, I hope it will be possible for me to move that amendment to the main motion tomorrow.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I should like to begin my remarks by pointing out something that this house and the country seems to have completely overlooked. There seems to be a general feeling that the final vote tomorrow night will settle something about the question of capital punishment in Canada. That vote will settle nothing and the outcome will make absolutely no difference in the law of this country concerning capital punishment.

What we are discussing is a motion made by four hon. members suggesting that legislation ought to be introduced. What we are voting on tomorrow night, including any amendment, is a sort of a straw vote in order to ascertain how members feel about the question of capital punishment. It is nothing more than that. We will be voting on a motion proposed by private members which suggests certain things to the government. If that motion passes the government may or may not bring in legislation and it is entirely up to the government to decide how to act after the motion has been debated and voted upon.

After our vote, the government may bring in legislation which is entirely different from the wording or general intent of the motion. Although the government must give some general consideration to the result of the vote, it is not obliged to do anything that is suggested by the motion. If the motion fails, the government may still bring in legislation. Whichever way the vote goes, the government must make its own decision.

Even more difficult is the fact that if the vote is close, and it has been suggested it may well be, the whole question will be as unsettled as it is now. The real decision, if one is to be made, will be made at the second reading stage of any bill which is brought in.

I point out that fact for this reason. If the vote is close, either for abolition or retention of the death penalty, it is merely a straw vote which does not settle anything. If the vote tomorrow night is in favour of abolishing the death penalty it will not mean that a bill abolishing the death penalty would be carried on second reading.

The decisions of this house are made by the majority of those present and voting on a question before the house. If we have a close vote tomorrow, a vote on another occasion in respect of another question might easily produce another result. I merely point out that the vote tomorrow is not going to settle the question of capital punishment, unless there is a substantial majority on one side or the other. If there is a substantial majority, I think the government is safe in assuming that if it brings in a bill in accordance with that expressed substantial opinion of the house, it will carry.

I point this out at the beginning of my remarks because I read in the newspapers and keep hearing members of the house say that we are going to settle the matter on a vote, and thank goodness the vote is coming tomorrow night. But we are not voting on the question of capital punishment tomorrow night at all. We are not going to change the law. We are not voting on legislation. We are just taking a sort of general opinion on how members feel about this question. We will have to start the whole procedure over again and the government will in the end have to take responsibility in regard to legislation, whether the vote does one way or the other. I believe that a vote at this point is desirable and we should have it quickly. I support the

intention to have a vote tomorrow night because I believe we should obtain the feeling of members of the house on this question.

I also believe we should not adopt the amendments. I should like to see a straight vote on this question. If members of the house agree to abolish capital punishment, and there is a substantial feeling in this regard, then let that be done. If members of the house are not of this opinion, let us know that also. But the question should be settled in this way and we hope for a majority opinion so there will be a clear indication with regard to a bill to be brought in by the government that would meet the wishes of the house.

I would indicate that I shall vote against the motion in its present form because I do not believe in the absolute and final abolition of the death penalty, and I shall vote against any amendments that are brought in unless they go toward bringing about a clean vote on this subject, so that we know where we stand.

At the same time, Mr. Speaker, if it appears to be the majority, and the substantial majority, will of the house that we abolish capital punishment, this will not make me feel badly. I shall go along with the result, but will vote against the motion in any event.

I should like to say just a few words on the main subject. The hon. member for Middlesex West (Mr. Thomas) spoke earlier this evening and expressed my own views very well. For this reason I shall cut down my own remarks. My neighbour in the house, the hon. member for Queens-Lunenburg (Mr. Crouse), advised me that if he did not have a chance to speak in the debate, he also agreed with the hon. member for Middlesex West.

When the debate was opened by the hon. member for Edmonton-Strathcona (Mr. Nugent), he took a backward look to 1810 when the penalty of death could be imposed for theft from a shop. It does seem strange to us now, but it was not considered at all outrageous then in the context of the social conditions under which people lived. As social conditions changed and the concepts of property, legal and moral rights and obligations developed, the offence of burglary became less serious and human life more sacred. I have no doubt that 100 years from now this debate will seem strange to those who may look back on it. It will not seem strange because of the result, but because we had to have the debate at all.

[Mr. Aiken.]

I predict that with the changes and advances in medical, social and legal knowledge, the surprise of these people will be that we had not sufficiently advanced to the point where we could by medical science and sociological approaches do something more realistic toward criminals than we are now able to do. However, Mr. Speaker, we are not living 100 years from now; we are living in 1966, and our duty is first to those among whom we live and their best interests and protection in the world of today. We have a duty to the future. We have a duty to bring about a society where no one will commit murder and no one will have to be punished. In the meantime, however, the unpleasant duties of society must be met, as they always have been, in a direct way. We cannot look at other countries, at other societies, at other times.

• (10:30 p.m.)

So far as I am concerned, I will welcome the day when the penalty of death can be abolished. That day will come when medical science has delved into the human mind, and can straighten out the warped, vicious and antisocial behaviour of those who are a menace to society, whether in or out of custody. That day will come when a sentence of life imprisonment can do something more for the soul, mind and spirit of the convict than to let him rot in the hopelessness of despair or become a human vegetable. That day will come when our concern for human welfare goes beyond that very small segment of our people who have purposely set out to contravene the fundamental law: Thou shalt not kill. That day has not yet come.

Society cannot take a timid approach to the unpleasant things of life. Neither can parliament nor the government. We must constantly search for more humane, more realistic, more enlightened methods of achieving the protection of society from those among us who acknowledge no moral, human or devine laws. Such change is not necessarily an improvement because it is easier, more pleasant or less abrasive on the sensitivities of those who abhor violence. It is only an improvement if it achieves its objective in an easier way. Statistics are quoted on both sides of the question as to whether the possibility of losing his own life deters a person with murder in his heart. Until it is proven otherwise, it is normal to assume that it does. But being in doubt, if I must choose between the protection of society and the protection of the convicted murderer, I choose society.

In 1961 we took the step of holding forfeit with their own lives only those who deliberately planned and carried out the death of another. We divided murder into capital and non-capital. The usefulness of this legislation has never been tested, because in 1963 the present government abrogated the law by commuting all sentences. The 1961 act has never been given a reasonable trial before we are asked to take the next step of complete and final abolition. If the House decides to take this step now, then so be it. But as I stated at the beginning, I am not personally convinced that we in Canada are ready for it, nor willing to accept it; nor am I so convinced myself. I will vote against the motion for abolition.

As I indicated in the beginning, I will vote against the motion. As for any amendments, my feeling is that you cannot abolish the death penalty and still retain it in some cases. If it is morally wrong to take a person's life in punishment, then the crime itself is not relevant at all. This I think is logic, but I cannot go along with this premise. I cannot believe, therefore, there is a half way measure. If we are going to change the law this time, we should either go the whole way or leave it as it is, with the division between capital and non-capital murder.

I should like to see a vote on the main motion without any amendments. I conclude with the obvious remark that many of my constituents, many of my friends, have come to a different conclusion than I. However at this point the responsibility is mine, and I intend to vote against final and absolute abolition of the death penalty.

Mr. J. E. Brown (Brantford): I should like to intervene, Mr. Speaker, to explain as briefly as I can to my constituents and to hon. members why I am voting for the motion before the house to abolish the death penalty in respect of all offences under the criminal code. Quite a number of years ago I sat on the joint committee of the House of Commons and the Senate which was set up to consider and study, amongst other things, the subject of capital punishment. When I was appointed to that committee I must say that I was strongly in favour of the retention of capital punishment. After listening to the evidence presented to the committee, however, I was persuaded beyond a doubt that capital punishment should be abolished.

The evidence presented to that committee was overwhelmingly in favour of the abolition of the death penalty. No significant evidence worth serious consideration was to my mind brought before the committee to support the retention of capital punishment, and I can recall the surprise of many, as the voting took place at the conclusion of the committee's hearings, when I voted for the abolition of capital punishment.

The entire subject of capital punishment was dealt with very fully at that time by the joint committee. The result of its findings was a tie vote which was broken only, as I recall, by the votes of the joint chairmen of the committee in favour of retention of capital punishment.

I am of the opinion that at the present time in my constituency, as far as I can ascertain, the majority of the people are in favour of the retention of capital punishment. But I believe that as their representative in parliament I would not be doing my duty if I voted otherwise than what I intend to do in connection with the resolution now before us. I believe that my constitutents would expect me to take advantage of all that I had the opportunity to learn and study when this subject was thoroughly discussed by the joint committee of the Senate and House of Commons some 10 or 11 years ago. With all the information funished me and others who sat on the committee at the time I came to the sure conclusion that, according to the best evidence available to parliament, capital punishment should be abolished, I am sure that the people I represent in this house would expect me to follow my own findings as a result of the studies made available to me and others at the time, and to parliament as a whole.

As I said Mr. Speaker, at that time we heard the best evidence available; and I am satisfied from what I have since read and from any work I have done on the subject that this same evidence is the best available to us at the present time.

The overwhelming opinion of the experts is that the death penalty should be abolished. In addition, capital punishment is gradually being abolished all over the world in one country after another, particularly in the advanced nations, as we regard them, which are forward-looking and which have made a very detailed study of the subject. In many of these countries capital punishment as been abolished for years, as hon. members know.

• (10:40 p.m.)

The scholarly address of the hon. member for Hochelaga (Mr. Pelletier) influenced me very much in this debate. He was most convincing. And the words of the Leader of the Opposition (Mr. Diefenbaker) spoken earlier today were, as usual, of great force and effect.

I do not need to review the reasons which have been given to the house in support of the necessity for abolishing capital punishment. I believe these are abundantly clear. At least it is clear to myself, after study and upon careful consideration, that I must support the motion before the house to abolish capital punishment, as set forth in the terms of that proposal. I do not think I need take up any more time tonight on this matter, since the subject has been so fully dealt with by other hon. members.

Mr. Eric Stefanson (Selkirk): I do not intend to take up the time of the house for very long. However I do wish to make a few comments on the private members notice of motion which is now before the house. This motion in the name of several private members in effect recommends the abolition of capital punishment. I have listened with interest to all those I have heard speak, and I have read in *Hansard* the speeches of those who have spoken while I was absent from the chamber. The calibre of debate has been high and many excellent speeches have been made both for the abolition and for the retention of capital punishment.

I had intended to go into detail to give the reasons I am voting against the motion before the house, but similar reasons have been advanced by other speakers so I do not think there is need to repeat them. The hon. member for Brantford (Mr. Brown) who has just resumed his seat said that though he had been against it in the past he was now supporting the motion. Yet he did not advance any substantial evidence to explain why he had changed his mind.

When the hon. member for Spadina (Mr. Ryan) addressed the house a few minutes ago, he too, spoke in favour of this motion. He talked about advancing civilization and sparing from the gallows all those who have been convicted of murder. I do not feel these are arguments to advance in favour of changing the present law.

The hon. member for Parry Sound-Muskoka (Mr. Aiken) gave an excellent address and one with which I agree very much.

He is a member of the legal profession, as is the hon. member for Spadina, yet these two hon. members have different ideas on this subject. I certainly support wholeheartedly the arguments put forward by the hon. member for Parry Sound-Muskoka; I think they were very well documented. I am not a lawyer; I am only a layman and perhaps I do not understand the niceties of this particular problem. However I have spent a lot of time studying this question and I have given a lot of thought to it. I have arrived at my own decision with sincerity and to the best ability of my judgment and my conscience.

Like other members of the house, I have received many letters from constituents, some advocating abolition and some retention. Likewise I have received letters from people outside my constituency, and briefs from organizations expressing support for one side or the other and, in so doing, soliciting my support for their side. I am sure all those who have communicated with me and have come out for one side or the other, realize that, whatever decision I arrive at, I shall do so according to my own conscience. I am not maintaining that the decision which I have arrived at is right and that those who hold different views are wrong. I could be wrong; nevertheless I have arrived at this decision with sincerity and according to my own conscience.

I do not want to be told by those who advocate abolition that their stand is progressive, and that those of us who hold different views are barbarians or are uncivilized. They have a right to their own views and I, likewise, am entitled to mine.

I am certain all hon. members have given a great deal of thought to this subject, and that those who favour retention are no less Christian than those who favour abolition. The rule of law is for the protection of society. I am sure all of us are concerned with finding the best method for the protection of society. We as individuals have arrived at different viewpoints on how society can best be protected. I, as an individual, am saying I am personally of the opinion that the present law, as it is defined into non-capital and capital murder, with the penalties as outlined in the Criminal Code, is the best way to afford protection to society.

There has been nothing advanced during this debate, or in discussion elsewhere by those who advocate abolition, which would lead me to believe that they have hit on a

better plan for the protection of society. Again, I may be wrong and others may be right, or vice-versa. The argument which has been put forth that capital punishment is a deterrent, or that it is not a deterrent, is difficult to prove.

During this debate good cases have been advanced for both sides, giving statistics and information to support both sides. However, there are so many factors which have to be taken into consideration, such as location, environment and circumstances, that they make it impossible to achieve any true comparison, and therefore practically impossible to prove either side. I cannot help but believe that many a would-be murderer did not murder just because we have capital punishment. I know, however, that this is hypothetical and no proof can be advanced.

I do not intend to go into the various types of murders, but it does seem to me from reports during the past several months that crime is on the increase. Syndicate or contract murders are on the increase in Canada, and this is one reason that I would say it is not desirable at this time to make a change, and that the law should remain as it is. The law is not perfect. It is always susceptible to improvement. I have great faith in our laws and in our form of justice. No doubt errors have been made in the past, and no doubt errors will be committed in the future, no matter how the law is changed.

When speaking on this matter the hon. member for Kamloops (Mr. Fulton) outlined in detail the amendments made to the Criminal Code in 1961 when he was minister of justice. These amendments divided killings into two types, non-capital and capital, and also brought about several other changes. Since those amendments were introduced very few of those who have been convicted of murder have been hanged. When the amendments were introduced they removed the risk of an innocent man being executed. This was one of the most bothersome features of the previous law.

• (10:50 p.m.)

I am sure none of us would like to see a life taken, whether it be that of a murder victim or of a murderer. It seems to me that many overlook the terrible tragedy that a family, which has lost someone who has been murdered, must suffer. The argument always is that you cannot bring a life back. No, you cannot bring a life back, but one must endeavour to have the best means to prevent a murder taking place and also endeavour to protect society. There are those who say that humans are not capable of making certain decisions or certain judgments, that the human race is not infallible, and that we are dealing with human frailties. That may be true, but nevertheless we are going to have to depend upon human decisions and judgment in most instances for a long time to come. The time may come when humans will treat one another in such a manner and with such respect that society may not require the same protection as it needs at present.

I believe the law as it is now is in the best interests of Canadians generally, and provides the needed protection for society. When the vote is taken I will vote against the motion.

[*Translation*]

Mr. Jean-L. Rochon (Laval): Mr. Speaker, the debate which is going on now will certainly prove to be one of the most interesting of this session, one of the most facinating also, because it will have enabled hon. members of the house to express their views on one of the most controversial subjects of our times: the abolition or the retention of the death penalty.

It has long been discussed by workers, industrialists or university people, on radio, television, in the newspapers. In several countries, authorized voices have been heard, some favouring the retention and others the abolition of the death penalty.

Canada did not escape that pressure of public opinion. And last year, in view of everything that had been said and heard, the Department of Justice felt it was its duty to publish a White Paper and present that serious problem objectively, so that we might study it under all its angles and get a good idea of its social scope.

Since then, a number of booklets have reached us and our constituents, in our respective ridings, have told us what they thought. That is the reason why such a bill is now under consideration. That is the reason for the free vote which each of us will be called upon to cast according to his own conscience at the end of this debate.

Here is why I accepted to take part in this debate at this late hour, Mr. Speaker. After thinking seriously about it, I have reached a definite and well-documented opinion on that matter, an opinion which I feel is so much better that I would consider that my intervention is not only useful but of benefit to

society if I succeed, not in convincing those who are still undecided, I will not go that far, but in making them think.

I said, a while ago, that Canada had felt the tides of public opinion, either for or against abolition of capital punishment. For over 25 years now, one government after another as well as the present government, for lack of precise instructions from parliament has felt that the better thing to do was to commute all death penalties, even though they were passed by courts of law.

The time has come, Mr. Speaker, and our government is well aware of it, to regularize the situation, to put an end to that uncertainty; the time has come to realize that the exercise of discretionary powers in such a serious matter gives rise to qualms of conscience and that we, the members of parliament, can no longer shirk our responsibilities.

Must we be for or against capital punishment? It is a matter for our consciences, Mr. Speaker, as I said at the beginning of my remarks, and you will appreciate that before we vote, we had to get information, we had to listen, we had to think of the safety of the population in face of the rising wave of crime and murder, we had to remember that our authority comes from God and that God Himself said in the Genesis: "Who so sheddeth man's blood, by man shall his blood be shed".

Therefore, you will realize, Mr. Speaker, that after all those numerous reasons heard, listened to and thought over, my conscience indicated that my strict duty is to say here tonight, in this house, that I must vote for the retention of the death penalty.

• (11:00 p.m.)

There are two sorts of arguments in favour of the retention of capital punishment. First, so to speak, there is the doctrinal or philosophical point of view, which may be summarized as follows: "Human life is so sacred that every means must be used to protect it. He who takes away life deserves death." There is also the argument of deterrence: "If, in taking away life, a man knows he is risking his own, he will not kill."

On the other hand, there are also two sorts of arguments put forward by the enemies of capital punishment. The first is also based on the sacred character of human life: "If life is sacred, we have no right to take it away from anyone." The second concerns the deterrent aspect of capital punishment. It may be summarized as follows: Apart from any moral consideration, we might be in favour of the death penalty if only there was evidence that it reduces the number of murders. Such is not the case. Statistics prove nothing, either in favour or against. Therefore, capital punishment must be abolished.

I shall not attempt to develop the first argument based on the sacred nature of human life. I readily realize that from the same premises can be drawn diametrically opposed conclusions and that such an abstruse reasoning will convince nobody. The second argument, as well as the second objection, are more valid and deserve more consideration. However, before dealing with capital punishment as a repressive measure, I should like to attempt to answer an argument often put forward by those who oppose it.

For these people, capital punishment would simply be, basically, some sort of a community revenge complex; a modern form of the old *lex talionis*: an eye for an eye, a tooth for a tooth. What formerly held for relatively primitive communities, for some eras infinitely remote from ours, no longer holds for our infinitely more progressive and modern society. To this I would reply that what is contemptuously referred to as the *lex talionis* is no more than a perfectly legitimate attempt to make the punishment fit the crime. To serious crime, serious punishment. But it will be objected that this is an obsolete notion and that in this day, there can be no question of making punishment fit the crime when what we need, on the contrary, is to make the punishment fit the criminal.

Modern penal science no longer seeks to suppress or punish, but to rehabilitate, and capital punishment, because it is past recall—by its very definition, if I may say—has obviously no corrective value.

While this argument makes some sense, it should not, I feel, be developed to its utter limit, because it is ridiculous to claim that in deciding upon penalties, the seriousness of the crime should never be taken into account and that the criminal should be the only consideration.

Besides, those who are not forcibly against severity, the most inclined to leniency towards criminals, are not always logical with themselves. They want to protect society; yet, in their concept of individual protection, they want us to believe that criminals are rather victims of this society, instead guilty people; they forget that murder or homicide are

direct infringements on the freedom of individuals, and hence are crimes against society.

In my opinion, society is the association of all individuals making up the society; and when I say that it must be protected, I think, for instance, of my right to stroll quietly about the streets without being attacked. And this is the right of millions of law-abiding Canadians who have the right to insist for the protection of public powers.

Someone will say that I go a little too far, that my freedom is not threatened that much, neither my life, and what proves that they would be better protected by the retention of the death penalty?

That the freedom of individuals to attend quietly to their business, without fear of evil-doers, is nowadays more threatened than it was before the Second World War, is a truth unanimously admitted and confirmed by statistics. The present debate deals with the death penalty; otherwise, I could dwell at great length on the continual increase of the number of crimes with violence, which often end in murder. I am convinced that this state of things is due to lack of vigorous reactions of society in the face of this threat. But instead of imputing this phenomenon, as it should, to the fact that public opinion does not support energetically enough the police forces or the courts in their fight against criminals, some people prefer to blame our penal system.

It is not to a member in whose riding is located one of the largest penitentiaries of the country, that of St. Vincent de Paul, that you have to prove that our present system is not perfect. But there is one consideration that is never kept in mind. The more we pity the criminal, the more we criticize the courts for being too severe, the more we condemn our prison system in general, the more the number of crime increases. Why not try an experiment for once? Why not stop our criticism? From now on, why do we not encourage our courts to be more severe, instead of feeling sorry, as we do, for the criminals. How do we know that the figures on crime would not diminish?

It is said that statistics on the number of murderers, as compared with that on the number of executions, does not prove any deterrent value at all of the death penalty. It is concluded therefrom that fear of the gallows never caused any murderer to hesitate. But there seems to be one thing forgotten, that is in our times, in this country—and the present debate is evidence of this—the death penalty is rejected by a good part of public opinion. Those who stand against it, surely in good faith, are often influenced in their great devotion for what they believe is a good cause. In the end, they have created so much confusion in the minds of the people that every time the question of an execution comes up, thousands of citizens immediately have pity on that poor criminal. There is so much criticism against capital punishment that people are trying to find all sorts of excuses for the offender. In this way, an atmosphere which is almost favourable to murder is created. Young people who grow up in a society where they are sure to find defenders everywhere, whatever they do, in the end have a complete disregard for the law. Laws do not so much prevent crime as the moral climate of society. We can retain capital punishment but as long as there are people who disparage it, who cry injustice and inhumanity every time there is talk of its application, there will be less and less hesitation before killing. But if it were certain that society as a whole abhors murder, do you really think one would so easily risk being an accessory? Those who know criminals will tell you that a great many of them have a great capacity for self-pity and for finding all sorts of excuses for themselves.

As long as people here and elsewhere find them more deserving of mercy than strictness, as long as people, every time a criminal is executed, rise and say along with I forget which movie director: "We are all murderers", murderers will find themselves interesting. What is more, they will feel all the more innocent if they find here and there people ready to weep on their sad plight.

I do not want to be cynical or merciless toward the unfortunate people who must be removed for the benefit of society, but I want us to consider not only the murderers but the victims also. If the death penalty could prevent only one murder, it should be maintained.

I am convinced that if the critics of capital punishment were silenced and if, for once, we were to think of the fate of the victims instead of that of the murderers, we would go a long way toward cleaning up the moral atmosphere of our community.

Today, parliament has the opportunity, Mr. Speaker, to show clearly the revulsion murder should create. In maintaining capital punishment, we will demonstrate that we have

no intention of allowing human life to be scorned.

In view of the lateness of the hour, may I be allowed to close these few remarks I wanted to make in my own name, because my conscience had shown me where my duty lies. My constituents of Laval told me: "Look at St. Vincent de Paul Penitentiary, at Bordeaux jail, at the women's jail, all institutions within Laval constituency, and you shall know where your duty lies".

My duty I said it a minute ago, is to favour the maintenance of capital punishment, for the good of the community.

• (11:10 p.m.)

[*English*]

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I am not going to take up too much time at this late hour on the fourth day on the debate on capital punishment, but I do want to say a few words to substantiate my reasons for voting the way I intend to vote tomorrow evening.

We have listened now to over 50 speeches both for the abolition and for the retention of capital punishment. I have listened to all speeches with a great deal of interest and believe that, whether one favours abolition or retention, the members who have spoken have put forward good arguments on both sides.

I will not go into detail, quote figures and extracts from the Bible, because I believe that regardless of the way you look at quotations from the Bible interpretations can be made both for and against capital punishment. So far as figures are concerned, many people have done a lot of research into the subject and I am sure it would only be repetitious if I were to put them on the record again.

On March 24, the second day of the debate, there were many outstanding speeches. Since I have had the pleasure of sitting in this house I do not think I have listened with more interest to honest speeches coming from the hearts of people with strong feelings on the issue of capital punishment.

I am sure that all members of parliament over the past two years have had much material sent them both in support of the retention and of the abolition of capital punishment. I have in my hand at the present time a publication regarding the death penalty in America. I have here two volumes from the Canadian Society for the Abolition of the Death Penalty. I have also another handbook entitled "Alternatives to Capital Punishment". I have statistics regarding murder from the years 1961 to 1964, and I could go on to name many more volumes and petitions which have been sent to my office.

I recall a meeting held one year ago in room 200, when I believe we had a member from the British houses of parliament present who had taken a great deal of interest in the debate on the abolition of the death penalty in Great Britain. At the meeting I was a little disappointed, due to the fact that I felt that only one side of the story was told at that time. Contrary to what transpired at that meeting, I think the speeches which have been made in the last two weeks in this house have definitely put forward both sides of the story.

I am not going to take issue with anyone who has different opinions from me, because they hold firm convictions in the attitude they are taking. But one thing which has perturbed me a little in my thinking, and to which I have not found the answer, is that for some reason or another most lawyers seem to take the attitude that the death penalty should be abolished. I am not a lawyer and am unfamiliar with court room techniques; but from the layman's point of view I do not understand why a good many lawyers tend to follow this line of thought.

I have felt for a long time that some revision may be required in the procedures of our courts of justice. If a man is in trouble and can afford to hire the best lawyers in the land, it is his privilege to do so. When a man who is being prosecuted does not have this financial ability, the state will find a lawyer for him. This is one area in which our courts may not be doing complete justice to an accused person. It is possible we do not get the same type of lawyer to defend as we do to prosecute. The government can engage a topnotch lawyer with all the necessary money available for research and for his fee. On the other hand the state appointed lawyer may have to settle for $400 or $500 for research and for his fee, compared with many thousands of dollars paid to his counterpart. This is one area we might examine. Possibly my hon. friends who are lawyers and who are more familiar with this situation could do something to bring about a change.

• (11:20 p.m.)

I wish to refer briefly to some impressions I have gained while listening to this debate. The general preoccupation seems to have been with the poor man who has committed

murder—whether his life should be taken in reprisal for what he has done. I do not look at it that way. I do not think I am a hardhearted man, but I believe in justice. If a man has committed a crime and a jury has decided that he should be hanged, it does not bother my conscience; I have no qualms about justice being carried out in this way. One class of people we have not heard about are the innocent victims, the people who have been murdered, though I think this is one point about which the general public is very much concerned. These are the people we are responsible for looking after, as men and women who have been elected to govern and look after society in Canada.

When I was young, I recall, we used to hear about the gangsters of Chicago, New York and places like that. At that time Canada was relatively free from syndicated crime. I can recall Al Capone, when I was young. I could go to the fair, and the motor cars these fellows used were on show. They were the gangsters who were against American society. Today we have the same thing creeping into Canada. We have heard about those murderers in Montreal just as late as this winter. We have heard about the Santa Claus murderer, and crimes like that. As members of parliament we have an obligation to society.

Like all other hon. members I have listened with a great deal of interest to the debate. I have read with great interest most of the material that has come to my office. I have received many petitions, both for and against the abolition of capital punishment, from various groups in my constituency. I have received many letters from my constituents, and over the past week end more people have come up to me and spoken of their feelings and what they thought my stand should be on this subject.

This is one of the major decisions I have had to make since coming to this house three years ago, but my conscience dictates that I support the retention of capital punishment and that is how I intend to vote when the issue comes to a vote tomorrow evening.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I want to speak in support of the motion to abolish capital punishment, but I shall speak only briefly and shall refer to only a few of the arguments. I am supporting this resolution because I believe it is wrong to kill, wrong to take human life, whether the killing is done by an individual or by society. This belief is based on the rational recognition of the sacredness of human life and on the commandment of the Judaeo-Christian tradition which says, "Thou shalt not kill." According to my interpretation this commandment is very clear, and if there is to be any exception to it, those who wish to raise the exception must prove it.

So far as I can see, Mr. Speaker, there is only one exception to that rule, namely self-defence; but even with self-defence I do not believe an individual can deliberately kill his attacker. His intention must be to deter his attacker and not to kill him. He may only kill his attacker if there is no other possible way to defend himself. In other words, killing in self-defence must take place as a last resort.

This is not the case where the state executes a condemned murderer. The execution is not a justified killing in self-defence because, (1) there are other more direct and effective ways of preventing murder, and (2) there is no proof that capital punishment is a more effective deterrent to murder than life imprisonment.

Other hon. members have discussed in detail the effectiveness of capital punishment as a deterrent, and they have shown that according to statistics countries without capital punishment have no more murder than states which retain capital punishment. Many hon. members have referred to these statistics but in their own judgment have chosen to ignore them. I do not want to go into all the statistics, but they clearly show the rate of murder has not gone up in abolitionist states.

If capital punishment is to be an exception to the rule "Thou shalt not kill", then I submit it is up to the proposers of this exception to prove it is the only method to prevent murders. It is no proof to say that it has been done for years, that we have had capital punishment and therefore it should be retained. Many things were done for years. Men were sold as slaves for years until slavery was abolished. Kings ruled as despots for years until ordinary citizens changed the situation.

We are here dealing with a very strict rule regarding the sacredness of human life. I think we should consider that very seriously. Some hon. members are saying that capital punishment may not be a deterrent for all potential murderers, but that it is certainly a deterrent for some potential murderers. They would say that if it is a deterrent for

some, then it must be retained even if it would deter one potential murderer. This is a very serious argument, but it fails to consider that the abolition of capital punishment also has a positive effect. It is my belief that when the state abolishes the death penalty, it creates an atmosphere of greater respect for human life and that this respect has a diffusive and educational effect on society. As a result, when you ask the question, how many innocent victims could have been saved if capital punishment still existed, you also would have to ask the question, how many would have hesitated from violence due to the influence of a state order which will in no circumstance directly take human life. Of course we can give no specific answers to these questions; we can look only at averages, and the averages seem to indicate that in those countries where the death penalty has been abolished the rate of murder does not increase and is often lower.

Mr. Speaker, I have said that capital punishment is not justified as self-defence, because there are other more direct means of preventing murder. There are some people, and some hon. members, who have said that if we abolish the death penalty, we will be left unprotected, that there will be no safeguard for society; but I maintain that there is little real relationship between the existence or non-existence of capital punishment and the rate of murder. Nobody has indicated the real cause or effect between the incidence of capital punishment and the diminution or increase in murder.

There are real causes of murder; it is these causes which have to be dealt with, if we are to have protection and safeguards. Sociologists and criminologists will point out that the causes of crime and murder are inadequate housing, inadequate slum clearance, inadequate recreation, and inadequacies in education, moral guidance, economic and social stability, police protection, crime detection, weapons and arms control, as well as inadequate prison and parole reform. These are some of the causes. It is these causes which must be attacked if we are to protect society and create safeguards.

To discuss the protection of society against crime solely in terms of capital punishment is to becloud the real issue. Several hon. members, including the hon. member for Kamloops (Mr. Fulton) and the hon. member for Sherbrooke (Mr. Allard) have referred to referendums or surveys in their ridings; they have indicated that this should be some criteria for our decision here. However, Mr. Speaker, I would like to suggest, when we are sent here as members of parliament, we have to make our decision not on referendums in our ridings, not on the total yes's or no's, but rather on the weight of the arguments given on either side of the question. When we are elected they count up the votes, but once we are here we study the weight of the arguments.

Many hon. members have indicated that those of us who speak for abolition are more concerned for the murderer than for the victim. This is not true. I think we all care very much for the victim, and that is why I think we should act toward the elimination of the real causes which would do more to eliminate crime.

I support abolition and am ready to vote for it tomorrow. I have not heard any arguments which would convince me that we should retain capital punishment. I suggest the burden of proof is on the retentionists, because they are proposing the exception to the rule: Thou shalt not kill.

• (11:30 p.m.)

Mr. Churchill: Mr. Speaker, I move the adjournment of the debate.

It being thirty-two minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, April 5, 1966

The house met at 2.30 p.m.

TRANSPORT AND COMMUNICATIONS

CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Mr. Joseph Macaluso (Hamilton West) presented the fourth report of the standing committee on transport and communications, and moved that the report be concurred in.

Motion agreed to.

[*Note: Text of foregoing report appears in today's Votes and Proceedings.*]

• (2:40 p.m.)

TRADE

MAINLAND CHINA—INCREASED WHEAT SALES AND QUOTA LIST ON EXPORTS

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I ask leave of the house to table a press statement being issued today by the Canadian Wheat Board announcing the increased quantities involved in the new long term wheat agreement between the board and the China National Cereals, Oils and Foodstuffs Import and Export Corporation.

Mr. Speaker: Does the minister have leave to table this document?

Some hon. Members: Agreed.

Mr. Sharp: Hon. members will recall that both parties concluded an agreement last fall covering the sale and purchase of from 112.0 to 186.7 million bushels between August 1, 1966 and July 31, 1969. It has now been agreed that the quantities involved will be increased to a minimum of 168 million bushels and a maximum of 280 million bushels over the three year period. At maximum levels the total value of wheat shipments under this agreement will be approximately $550 million.

The board also announced the first sales contract under the revised agreement. The contract calls for the shipment of 59.7 million bushels of wheat during the first five months of the new crop year.

The new long term agreement provides for credit terms of 25 per cent cash and 75 per cent in 18 months, which are identical to those in the previous agreement. A revolving credit level of over $200 million was required to facilitate this agreement and the government will provide the credit guarantee which makes this business possible.

I should also like to advise the house that agreement has now been reached as to the quantities of sensitive goods which the Chinese export organizations may export to Canada for the year beginning August 1. It will be recalled that when the new long term agreement on wheat was signed last October it was agreed that the annual dollar value ceiling on exports of such products should be fixed at $10 million per year. The individual product quotas were to be settled later. This has now been done.

With the consent of the house I would like to table this new quota list, and may I suggest that for the convenience of hon. members it be printed as an appendix to *Votes and Proceedings*.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, we have been expecting this announcement since last fall, when the Chinese delegation visited Canada and negotiations were started in relation to the additional approximately 30 million bushels per year. At that time some of us hoped that the agreement would be extended for a five year period, but be that as it may, I am very grateful, speaking for western Canadians and I hope all Canadians, that we have been able to supply the extra 30 million bushels to meet the Chinese needs.

I hope, too, that the government will consider very seriously not only the final establishment of the list of sensitive goods the Chinese can export to Canada, but the pledge the previous minister offered to the Chinese in relation to the setting up of a non-official trade office here in Canada. The Chinese have these offices now in more than a score of countries, and I am sure they would take it very kindly indeed if we gave them the opportunity of putting one or two of their people here so our importers could contact them in Canada to arrange for the import of

goods through direct representatives of the Chinese.

I would personally go one step further and suggest that we should ask the Chinese to establish stores in Canada where their handicraft goods could be displayed for all those who wish to see them. I believe we have some responsibility to the Chinese to do something positive to help them find markets for their goods, not only in this country but all over the world.

This market has turned out to be not only large and growing, but is now considered permanent. The Chinese not only want more grain, but I think are quite willing to try to find markets for their goods all over the world in order to pay for it. This breakthrough into the Chinese market has significance far beyond the mere dollars and cents value of the foreign exchange it earns for Canada. It gives us a chance to make contact with them and discuss matters other than the mere trading that goes on between our two countries.

I hope that some day our neighbour to the south will see fit to amend its Alien Trading Act and its Foreign Assets Control Act and allow the American people to trade with this, the largest country in the world. It is not a new concept wherein you trade with a nation which you do not recognize. I think the peace of the world would be improved if these steps were taken.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I am sure the announcement that was made a few minutes ago by the Minister of Finance will be welcomed by the people of this country, particularly our wheat producers. It seems at first glance that the magnitude of the additional sale is very great, but I venture to say that the additional sale does not really amount to that much. It would seem to amount to the order of 56 million to 94 million bushels over and above that which was earlier anticipated. If one carries this over the period of three years it does not mean as much in extra sales to the Chinese mainland as we should like to see.

It has already been suggested by the previous speaker that Canada should take additional steps to foster increased trade with China, even to the extent of setting up an unofficial agency in order to trade with that country. It seems to me the government of Canada should look seriously at the prospect and desirability of recognizing the government of mainland China, because among other things it would provide for more official machinery for expanding and fostering trade between the two countries. I would hope that in the light of continuing large scale sales to China the Department of Trade and Commerce and the government will put increased pressure on the Department of External Affairs with a view to having Canada rethink its policy vis-à-vis China.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, the announcement made by the Minister of Finance (Mr. Sharp) indicated clearly that we will increase our wheat exports to the China National Import and Export Corporation and that on the other hand we plan to increase our imports of textiles and textile products.

Now, the minister advises us that, in order to enable the Chineses to increase their wheat purchases in Canada, terms for credit stipulated in the new long-term agreement are 25 per cent cash and 75 per cent in 18 months; these terms are identical to those of former sales. Credit by renewable acceptance of over $200 million was required to facilitate the sale and the government will offer the credit guarantee required to make the deal valid. This means that the Canadian government, that is the Canadian people, will guarantee the credit necessary to enable the Chinese people to purchase more wheat.

We do not object to exporting more wheat, but wheat is not the only thing we can export to China. We may soon see, because of our textiles imports, our own textile mills closed down in the Drummondville and Eastern Townships regions.

It seems to me the government should see to it that we export not only wheat but all other products we have in large quantities and it should enable Canadian industry and domestic commerce to avail itself of credits similar to that now being granted the Chinese people, so that they might sell their products and to bolster their production and distribution.

Once again, we do not object to transactions with China or anyone else, but we must do it for the benefit and advantage of the Canadian people, and not solely to increase the textiles imports coming from China.

Let us first think about Canada, and start at home in the greater interest of the Canadian people.

• (2:50 p.m.)

[*English*]

Mr. H. A. Olson (Medicine Hat): Along with other members who have spoken briefly on this announcement, Mr. Speaker, we welcome what appears to be a continuing and expanding market for Canadian wheat. One of the limiting factors in the sale of wheat during the past season has been the ability of the railroads to deliver this wheat to export positions. We certainly hope the minister and the government will use their influence to impress upon the railways that there is a need for expansion of the necessary facilities to get this wheat to our customers within the time specified.

In addition, Mr. Speaker, there is no mention of any flour in this expanded sales announcement. Of course you cannot sell people flour if they want to buy wheat. However, we hope if there is any possibility that some portion of this wheat can be exported in the form of flour, every effort will be made by the Canadian Wheat Board and by the government to impress upon our customers that we do have a very large milling industry within Canada.

Generally speaking, Mr. Speaker, the performance of the railways during the past few weeks in delivering wheat to the west coast in particular has been far more satisfactory than it was during the early part of the shipping season, from about August until about December. We acknowledge that there has been an increased effort to allocate facilities and equipment to the delivery of this wheat. I want to say again, as has been said so many times in this chamber, that we do not regard the movement of wheat as secondary in so far as the over-all operations of the railway are concerned. This appears to have been the attitude of the railways during the last months of 1965.

So, as I said, we welcome this announcement. We hope there will be an expansion in our transportation facilities so we can meet all the commitments that are made, as well as being in a position to accept additional sales later this season.

EXPORT AND IMPORT PERMITS ACT

AMENDMENT TO EXTEND OPERATION FOR THREE YEARS

Hon. Robert Winters (Minister of Trade and Commerce) moved the first reading of Bill No. S-23 (from the Senate), to amend the Export and Import Permits Act.

Motion agreed to and bill read the first time.

Inquiries of the Ministry

EXTERNAL AFFAIRS

RHODESIA—ATTEMPTED DELIVERY OF OIL BY GREEK TANKER

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. May I ask him whether he has any further word in connection with the Greek tanker which apparently was intercepted by a British warship because it was believed that its oil was destined for Rhodesia? What is the present position in this regard? Does the Canadian government approve of the action taken in stopping this ship; what is the position as to the ownership of the ship; has there been a change in registration, and are any commonwealth countries represented in the ownership of the ship in question?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, my right hon. friend was kind enough to give me notice of his intention to ask this question.

The present situation concerning this tanker appears to be that the ship is about to dock or has docked at Beira in the Portuguese territory of Mozambique. The Canadian government has been advised that the master of the ship stated, to the captain of the British naval ship who questioned him, that he was not intending to discharge oil at Beira but simply intended to make use of port facilities there, and that the oil cargo was intended for French Somaliland.

I certainly hope this proves to be correct. I have been in communication with the ambassador of Greece in Ottawa, and my understanding is that the government of Greece has ordered all ships of Greek registry not to carry oil to Rhodesia.

Mr. Diefenbaker: Would the minister say whether there is any foundation for the suggestion that this ship, while at sea, changed its registry to that of Panama; and if that suggestion be well founded what representations, if any, have been made to the latter country?

Mr. Martin (Essex East): There has been a suggestion that there was a change of flag, thereby seeking to indicate a change of registry. However, there is some confusion on this point, and as there is an international law implication I prefer not to give any judgment as to the legal consequences. I may say that

this whole situation is bound to excite interest at the United Nations, and this in turn could encourage moves to give the United Nations a wider authority than it now possesses under the security council resolution of November last, which merely urged member states to take all possible steps to give effect to the sanctions program which was being taken against the government of Rhodesia.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. Does that very lucid statement the minister has just made indicate that Canada intends to do its part in making sure that this problem shall be submitted to the United Nations?

Mr. Martin (Essex East): The right hon. gentleman I am sure would lucidly understand that that is a question that can only be dealt with at the right moment.

Mr. Andrew Brewin (Greenwood): In connection with what has been just said, I should like to ask whether the Secretary of State for External Affairs can assure the house that the Canadian government will lend all necessary support, diplomatic and otherwise, to any action thought necessary by the British government, even including the use of force, to prevent the economic sanctions approved by the United Nations from being made ineffective by the delivery of shipments of gasoline to Rhodesia.

Mr. Martin (Essex East): Mr. Speaker, I am not so sure that I am prepared to agree without qualification to the suggestion made about the use of force, because there are important consequences stemming from that which one would want to bear in mind. I can say, however, that the Canadian government has taken every step pursuant to the security council resolution of last November to support the position of the British government, and to register its strong opposition to the illegal regime in Rhodesia.

Hon. Gordon Churchill (Winnipeg South Centre): A supplementary question, Mr. Speaker. If Canada undertook to assist in the use of force against Rhodesia might that not entail the loss of life unnecessarily?

Mr. Martin (Essex East): Mr. Speaker, I did not of course say that we would undertake to use force. My hon. friend will recall that in February last, in discussion in this house, I made that very clear. If force is used to the limit the consequences involved in my hon. friend's question are obvious.

[Mr. Martin (Essex East).]

Mr. Speaker: Order, please. I suggest we go to another subject. We have had the original question and five or six supplementary questions.

ZAMBIA—INQUIRY AS TO TERMINATION OF AIR LIFT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is for the Secretary of State for External Affairs. Can the minister tell the house whether the oil lift for Zambia that Canada has been taking part in has terminated, and if so was the reason for that termination the fact that other oil supplies were adequate for Zambia?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the oil lift to Zambia has not terminated. Canadian participation continues until the end of the month, when the matter is to be reviewed. I might say that the oil lift has been a very effective project.

NATIONAL SECURITY

INQUIRY AS TO ESTABLISHMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, on March 4 the Prime Minister announced that he intended to set up a royal commission to review the security procedures which have obtained in this country in recent years. I want to ask the Prime Minister whether he is now in a position to announce the personnel and the terms of reference of such a commission and, if not, how soon does he expect to be able to do so?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not in a position to announce the personnel nor the terms of reference of the proposed commission now. I was giving consideration last evening to the terms of reference, and I hope very shortly after the resumption of parliament after the Easter recess to announce to parliament the commission's terms of reference, and the personnel.

Mr. Douglas: A supplementary question, Mr. Speaker. Can I ask the Prime Minister whether it is his intention in the terms of reference to empower the commission to look into any of the grievances with respect to security cases that have been handled in recent years.

Mr. Pearson: Mr. Speaker, I can say in a general way that it would be our intention to have in the terms of reference authority for the commission to look into security procedures, both in regard to their adequacy for the protection of national security and their relation to the rights and freedoms of the individual. I should think any commission looking into this aspect of the matter would wish to look into cases in the past to see if there is an example of one or other of these things.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, may I ask a related question. May I ask the Prime Minister whether the government will table in the house today or at the earliest opportunity prior to the Easter recess the transcript of the press conference held by the Minister of Justice on March 10, which we have been assured will be made available as one of the matters before the royal commission. I think it would be helpful and important if it might be tabled in the house.

Mr. Pearson: I will certainly be very glad to look into that, Mr. Speaker. The transcript of the press conference was, of course, attached to the order in council to be sent on to the commission.

[*Translation*]

CROWN CORPORATIONS

SUGGESTED AUDITING OF BOOKS BY AUDITOR GENERAL

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I put a question to the Prime Minister.

According to the answer to my question No. 137, it cost over $5 million to the Canadian people to audit the books of crown corporations which are not required to be audited by the Auditor General of Canada.

Does the government intend to correct this situation by entrusting the Auditor General with such auditing?

Mr. Speaker: May I suggest to the hon. member that he put this question on the order paper?

Mr. Caouette: It has been put on the order paper, and that is why I should like to get an answer.

Mr. Speaker: The hon. member just said that he had received an answer and that he was not satisfied. He is asking a new question which does not seem so urgent, in my opinion, that it could not easily be placed on the order paper.

[*English*]

INDUSTRY

AUTOMOBILE PARTS—REMOVAL OF TAX ON PRODUCTION MACHINERY

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question, Mr. Speaker, is addressed to the Minister of Finance. Has the minister received representations from the automobile industry to now remove the sales tax on production machinery as announced by him in his budget to be effective for April 1, 1967, so the automobile parts industry in Canada may be in a position to better compete with its counterparts in the United States? If so, what is the decision in this regard?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I may confirm that I have had such representations. They are under consideration.

Mr. A. D. Hales (Wellington South): May I address a supplementary question to the Minister of Industry. Is it a fact that the minister encouraged these manufacturers to go ahead and buy this machinery?

Mr. Speaker: Order, please.

Mr. Drury: Mr. Speaker—

Mr. Speaker: Order, please. I doubt whether the question as asked can be put at this time.

TRANSPORT

YARMOUTH, N.S.—DELAY IN DOCKING OF FERRY

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): My question is for the Minister of Transport. Is the minister aware that on Saturday, March 19, the Canadian National ferry Bluenose arrived at the mouth of Yarmouth harbour at 4 p.m. then turned around and went to sea until eight o'clock the next morning, much to the inconvenience of the passengers. Would the minister investigate the reason for this strange behaviour on the part of this government vessel?

Mr. Speaker: Order, please.

LABOUR CONDITIONS

MOVEMENT OF SKILLED WORKERS FROM CANADA TO U.S.

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, may I direct a question to the

Minister of Citizenship and Immigration in his prospective capacity as minister of manpower. I have given him notice of this question.

In view of the telegram sent the minister on March 19 by George Burt, Canadian director of the United Automobile Workers, expressing concern over the loss of skilled tradesmen to the United States and the loss of jobs for skilled tradesmen in the automobile and automobile parts industries in Canada, would the minister inform the house whether he is prepared to launch an immediate investigation into the dimensions of the skilled trades drain out of Canada, particularly in view of the shortage of skilled tradesmen in other areas of the economy.

Mr. Speaker: Order, please. I suggest to the hon. member that this is not a question but rather a speech. I do not think the question can be accepted.

GRAIN

VANCOUVER—CONSTRUCTION OF SASKATCHEWAN WHEAT POOL ELEVATOR

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I would direct my question to the Minister of Finance in his capacity as minister reporting for the Canadian Wheat Board. In view of the long struggle that we had to persuade the Saskatchewan wheat pool to build an elevator at Vancouver, would the minister consider getting in touch with officials of this grain organization to see whether they would not reconsider the stopping of work on the five million bushel terminal at Vancouver which I understand has been precipitated by the cancelling of the government contract for the elevator at Prince Rupert.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the president of the Saskatchewan wheat pool was in touch with me several days ago. Subsequently I had a letter from the secretary of that organization, and I agreed to see the president as soon as he could come to Ottawa for discussions. The president of the Saskatchewan wheat pool informed me, at the time of the first telephone call, that they had just received bids for the new terminal at Vancouver and that they were 30 per cent above their expectations. For this reason in particular they were reconsidering whether they should proceed, and I asked the president of the Saskatchewan wheat pool to come to Ottawa and have a talk with us here before making a decision.

Mr. Hamilton: As a supplementary question, would the minister consider discussing with his colleague the Minister of Agriculture some readjustment in the handling rates on the west coast to deal with the very inflated costs there at the present time?

Mr. Sharp: I am sure the hon. member for Qu'Appelle knows, as do the Minister of Agriculture and myself, that the Board of Grain Commissioners is a semi-autonomous body, and it would be improper for us to make representations of that kind with regard to the rates being charged by elevators.

TROIS-RIVIÈRES—POSSIBLE CLOSING OF ELEVATORS

On the orders of the day:

Mr. J.-A. Mongrain (Trois Rivières): Mr. Speaker, I wish to address a question to the Minister of Transport. Is the minister aware that the grain elevators of Trois-Rivières are doomed to close shortly, due to a situation that has lately arisen, unless a drastic and urgent solution is found to solve their problems? Would the minister consider appointing a special committee at once to look into this matter with the interested parties?

[*Translation*]

Mr. Speaker: It is difficult to determine the urgency of this question. The minister has noted it and I would ask the hon. member to put it on the order paper.

Mr. Mongrain: May I bring it up at ten o'clock, Mr. Speaker?

[*English*]

WEST COAST—INQUIRY AS TO TERMINAL CAPACITY

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of Finance. Does the minister consider the existing terminal capacity at west coast ports sufficient to service the demand for Canadian grain consigned through those ports.

Mr. Speaker: Order. The question should be placed on the order paper.

INQUIRY AS TO APPOINTMENT OF TRANSPORT CO-ORDINATOR

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to direct a question to

the Minister of Finance, based on a statement he made earlier today. I would like to ask the minister whether the government is prepared to bring in legislation setting up a transport co-ordinator, so that maximum use can be made of our transport terminal facilities for delivery of the increasing amount of grain during the next crop season.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, so far as the question in respect of legislation is concerned, this is a decision which would be announced in due course. Yesterday I met with the heads of the railway companies to prepare them for the necessity of continuing to use their facilities to the maximum, at least until the end of this calendar year. We have, as I say, reason to believe that the demand will be such during the balance of this calendar year as to put a strain upon all transportation facilities in the country.

May I just add that the performance of the railways in the last few months, already referred to in this house, has been most commendable. We are going to establish new records in this new crop year, especially on the Pacific coast.

DOMINION-PROVINCIAL RELATIONS

QUEBEC—PETITION RESPECTING CHANGE IN PROVINCIAL CONSTITUTION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. Could he advise the house what information he has had from the government of the United Kingdom respecting the resolution that was passed by the legislative assembly of the province of Quebec asking for changes in the powers and the authority of the legislative council of Quebec? Has he had any communication with the British government? What has been the reason for the delay in the presentation of that matter before the United Kingdom government? Is it still the intention to introduce it in the new British parliament? In other words, what has happened with the perigrinations of that resolution?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have had no information recently about this matter. The resolution was transmitted to the United Kingdom government. Perhaps one reason for the delay was the recent election in the United Kingdom, but I shall be glad to get in touch with the U.K. government and ask their intentions in this matter.

[*Translation*]

PUBLIC SERVICE

REQUEST FOR POLICY ANNOUNCEMENT ON BILINGUALISM

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Prime Minister.

This question arises from a question I put to him in the house on March 24.

Is it the intention of the Prime Minister, before the recess, as an Easter bonus, to announce his new policy to promote bilingualism in the federal civil service?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope to make a statement on this matter tomorrow.

CANADIAN CENTENNIAL

INQUIRY AS TO ORGANIZATION OF YOUTH PARLIAMENT

On the orders of the day:

Mr. John Loney (Bruce): Mr. Speaker, I wish to direct a question to the Secretary of State. Would the hon. lady inform the house if she will soon announce plans for a centennial youth parliament; and in consideration of the fact that many members of the house are interested in this worth-while endeavour, will a parliamentary committee be set up to assist in furthering the project?

Hon. Judy V. LaMarsh (Secretary of State): As my hon. friend knows, Mr. Speaker, the centennial commission is the body which decides upon projects. I have not yet had forwarded to me a satisfactory project for the type of centennial celebration my hon. friend suggests.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—RESOLUTION RESPECTING POSSIBLE DELAY

On the orders of the day:

Mr. Melvin McQuaid (Kings): Mr. Speaker, may I address a question to the Prime Minister. Yesterday the Prime Minister advised the house that he had received a resolution from the Prince Edward Island legislature. Now that he has had a chance to study it, can he assure the house and the people of P.E.I. that there will not be any readjustment of the timetable for the construction of the causeway?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I can assure my hon. friend that the resolution is being given very careful consideration. I received it only yesterday, and I think I can assure him there will be no delay in the completion of the project.

WATER RESOURCES

GREAT LAKES—REQUEST FOR REPORT ON MEETING RESPECTING POLLUTION

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I would like to ask the Minister of Mines and Technical Surveys whether he can tell us when the report on the meetings between himself and officials of the government of Ontario with regard to pollution of the great lakes will be ready? On Monday, March 24 he was kind enough to say the report was being prepared. Can we expect it before the Easter adjournment?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): I do not think so, Mr. Speaker. This is not an ordinary report. It is an analysis of what is being done by both governments. I think it should be in after the recess.

Mr. G. H. Aiken (Parry Sound-Muskoka): As a supplementary question, can the minister advise the house whether similar discussions are proceeding with the United States government concerning a joint pollution control program?

Mr. Pepin: Discussions at the technical level are conducted regularly. Discussions at the political level are contemplated.

EXPO '67

USE BY EDMONTON OF "KLONDIKE" THEME

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Will the minister, on behalf of the federal government, communicate with the officials of Expo '67 in the interests of preserving our national history undistorted, asking them to ensure that no promotional publicity prepared or being prepared under the direction of Expo will contain any reference to Edmonton's dishonest use of the Klondike resource?

Mr. Speaker: Order, please. The hon. member for Nicolet-Yamaska.

[Mr. McQuaid.]

Mr. Nielsen: Mr. Speaker—

Mr. Speaker: This question could not be accepted by the Chair. The hon. member is making allegations.

Mr. Nielsen: Mr. Speaker, I wish to give notice to discuss it at ten o'clock. They are not allegations at all. It is just as important as the causeway.

Mr. Speaker: Order, please. There is no assurance that the question will be accepted for ten o'clock.

[*Translation*]

TRADE

QUEBEC—CAR LICENCE PLATES PROMOTING EXPO '67 AND CENTENNIAL

On the orders of the day:

Mr. Clément Vincent (Nicolet-Yamaska): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce.

We have learned with great pleasure that the Quebec Minister of Transport, Hon. Claire Kirkland-Casgrain, had announced that car plates for 1967 would underline two great events: Expo '67 and the Canadian Centennial. I should like to commend the minister on her initiative—

Mr. Speaker: Order. Would the hon. member put his question?

Mr. Vincent: Is the Minister of Trade and Commerce aware of that decision and does he propose to hold a meeting with the ministers of the other provinces to decide now—

Mr. Speaker: Order. That question should be placed on the order paper.

[*English*]

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of National Defence. In view of the recent request by General de Gaulle that all NATO forces leave France unless they come under French command, and in view of the consideration being given by his department to a new policy, would he seize this unexpected opportunity to examine the policies of the New Democratic party with respect to NATO before coming to a decision?

Mr. Speaker: Order, please.

Mr. Robert McCleave (Halifax): Mr. Speaker, my question is directed to the minister of northern affairs, of which I gave him notice. It arises from the just announced discovery of treasure trove worth $700,000 in the ocean near Louisburg, Cape Breton. Was Alex Storm, an employee of the department and one of the three men who made the discovery, working for the department when he carried out research in the archives at Paris, France—

Mr. Speaker: Order, please. This question should be placed on the order paper.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR INVESTIGATION INTO GASPÉ-MATAPEDIA SERVICE

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I would like to ask the soft-hearted Minister of Transport, whom I would not wish to see become hard-headed, if we can expect an inquiry into the rail traffic problems on our peninsula in the very near future.

Hon. J. W. Pickersgill (Minister of Transport): The inquiry is under way at the present time, sir.

HOUSING

WINNIPEG—REQUEST FOR EXTENSION OF WINTER BUILDING BONUS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. Has the minister been asked by the Winnipeg House Builders Association to extend the cut-off date for the $500 winter house building bonus in the case of houses under construction in areas which are in danger of being flooded?

Hon. J. R. Nicholson (Minister of Labour): I shall have to take the question as notice, Mr. Speaker.

CANADIAN BROADCASTING CORPORATION

COST OF EXTENSION OF TELEVISION SERVICE

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I wish to direct a question to the Secretary of State. Has she received a reply from the C.B.C. in answer to her request for an approximate cost of servicing the areas of Canada which are presently not served by C.B.C. television?

Hon. Judy V. LaMarsh (Secretary of State): Not that I have seen, Mr. Speaker.

Mr. Simpson: As a supplementary question, could the hon. lady say when she expects to receive this reply?

Miss LaMarsh: Well, Mr. Speaker, hope springs eternal and I keep hoping the agencies will respond as quickly as members of parliament would like them to do.

[*Translation*]

MINES AND TECHNICAL SURVEYS

NORTHWESTERN QUEBEC—ASSISTANCE TO GOLD MINES

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to direct my question to the Minister of Mines and Technical Surveys.

Did he finally succeed in contacting the provincial Minister of Natural Resources in connection with subsidies to gold mines in northwestern Quebec?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): Yes, Mr. Speaker, and he assured me that he would do his utmost to remedy the social aspect of the problem.

Mr. Caouette: I have a supplementary question, Mr. Speaker. Is the minister to have any meeting with the Quebec minister in order to establish clearly what assistance can be given to northwestern Quebec gold mines?

Mr. Pepin: Mr. Speaker, I did not have the impression that the Quebec minister would deem such a meeting necessary.

[*English*]

NATIONAL DEFENCE

NEW PAY SCALE FOR AIR FORCE PILOTS

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, my question is for the Minister of National Defence. I should like to ask the minister whether there was a meeting today in Ottawa of senior air force officers from Greenwood, Summerside and Halifax to discuss the recent pay increase to pilots only, and if there was a meeting, is there any plan to offset the rumoured resignations of the many other officers of the air force?

Hon. Paul Hellyer (Minister of National Defence): The answer to the first question is yes. In respect of the allegation in the second question, this is the first I have heard of it and I expect it is not true.

Inquiries of the Ministry

Mr. H. W. Herridge (Kootenay West): Is the minister now in a position to answer the question I asked a few minutes ago?

Mr. Speaker: Order, please. I understand that the question was ruled out of order.

[*Later:*]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a supplementary question for the Minister of National Defence. Could the minister indicate what redress is open to radio navigators in the light of the violation of the principle of equality, as a result of the recently announced pay differential policy.

Mr. Speaker: Order, please. This question is out order. The hon. member is asking what redress is open. He is asking for an expression of opinion.

Mr. David MacDonald (Prince): Mr. Speaker, may I address a supplementary question to the Minister of National Defence. Could the minister say whether any indication has been given to air crew other than pilots that their pay situation will be reviewed in a manner that will prove favourable to their interests?

Mr. Hellyer: Not beyond the cyclical pay review. I think it also has been indicated, as I indicated yesterday in my answer to a question by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan), on the question of whether the air crew allowance would subsequently be included as part of the pay for pension purposes, that this matter would be studied and a decision taken at the time the cyclical review is announced.

Mr. Nowlan: Mr. Speaker, may I ask a supplementary question. What was the purpose of the meeting in Ottawa today with the officers from Summerside, Halifax and Greenwood if it was not to discuss the unrest?

Mr. Speaker: Order. This question cannot be asked. The hon. member is asking a question which suggests the answer; it is a leading question.

Mr. Hellyer: The answer he gave himself was incorrect. Perhaps I can set him straight—

Mr. Speaker: Order, please.

Mr. E. Nasserden (Rosthern): Mr. Speaker, may I ask the Minister of National Defence a supplementary question. Would the minister give supplementary consideration or review to the position of navigators, along the same lines that he has in respect of the pilots?

[Mr. Hellyer.]

Mr. Hellyer: That question was answered yesterday. I said it would be reviewed along with the cyclical pay review. In answer to my hon. friend opposite I can say—

Some hon. Members: No, no.

Mr. Speaker: Order.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, my question is directed to the Minister of National Defence. Will the minister make a statement in the house outlining his new policy in respect of the air force, and also outline what steps he is taking to improve morale in the three services?

Mr. Hellyer: Mr. Speaker, I do not think that is necessary, but when the national defence committee meets after the Easter recess I will be pleased to make a statement. I can say to my hon. friend, if he needs the reassurance, that we are making outstanding progress in our reorganization in the armed forces.

WINTER WORKS

EDMONTON—REQUEST FOR EXTENSION OF DEADLINE

On the orders of the day:

Mr. William Skoreyko (Edmonton East): Mr. Speaker, may I direct a question to the Minister of Labour. Has the minister received a representation from Edmonton requesting a two week extension of the winter works deadline date of April 15? If so, what consideration is the minister giving this request?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, if my memory serves me right such a request did come in some time ago. I have received a few, but not many from other parts of Canada. The Edmonton request has been referred to the officials for study.

I might say that I would be less than frank, in view of the second question, were I to hold out much encouragement to the hon. member for an extension in the Edmonton area. It will be recalled that situations similar to the one that occurred in Edmonton this year occurred in Quebec and in other parts of Canada in the winter of 1963-64, and in the lower mainland of British Columbia where a 29 day snow storm occurred in the winter of 1964-65.

Last fall the government announced its intention to extend the date to April 15. This was done at the time the program was announced last fall. It is doubtful that there will be any further extension beyond April 15.

AIR TRANSPORT

REQUEST FOR REPORT ON NORTH ATLANTIC AIR CORRIDORS

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Transport. Will the minister table the report of the survey, commissioned by the government from UNICA Research Limited of Montreal into the matter of narrowing the air corridors across the north Atlantic from 120 nautical miles to 90 nautical miles?

Mr. Speaker: Order. I suggest that the hon. member place his question on the order paper.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, on a point of order, I think Your Honour must have misunderstood me when I asked my question. I was merely asking the minister whether he would table a report. I have repeatedly heard hon. members ask ministers whether they would table reports.

Mr. Speaker: By the time the question ended the Chair had forgotten the start of the question. It could be allowed.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I would have to think about that request.

Mr. Speaker: Order, please.

INDIAN AFFAIRS

STATEMENT ON PROVISION OF MEDICAL SERVICES

On the orders of the day:

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday I promised a reply to the question by the hon. member for Burnaby-Coquitlam in respect of the Indian medicine chest case.

I should like to tell him that the health services in respect of the Indian people have been in effect for many years, and that there is no question about their being impaired by any test case in the courts. What we are doing is endeavouring to provide medical services which can be integrated with those of the neighbours of our Indians.

I give this answer on behalf of my colleague the Minister of National Health and Welfare, within whose responsibility these services to the Indians fall.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I have a supplementary question I should like to direct to the minister of northern affairs. Would it not obviate the necessity of appealing the decision in the medicine chest case if the government, either by administrative act or by the introduction of legislation, undertook to supply these services to the Indian people, on its own or by arrangement with the provincial governments, in which event the case would then be dropped?

Mr. Speaker: Order, please. The hon. member is now arguing the case rather than asking a question.

TRANSPORT

POSSIBLE FARE INCREASE ON N.B.-P.E.I. FERRY SERVICE

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, I should like to direct my question to the Minister of Transport. In the light of the story reported in the afternoon paper in Summerside yesterday to the effect that there is to be an increase in the fare charged by the C.N.R. on the New Brunswick-P.E.I. ferry, could the minister inform the house whether this increase has been considered by the board of transport commissioners, and whether that board will hold hearings regarding the increase?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I will have to make inquiries in this regard before answering.

[*Later:*]

Mr. MacDonald (Prince): May I direct this question to the Minister of Finance. In light of the fact that there will likely be an increase in the fare now being charged, will this increase go toward the construction of the new causeway?

Mr. Speaker: Order, please.

AGRICULTURE

REQUEST FOR ASSISTANCE IN AMALGAMATION OF CHEESE FACTORIES

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I should like to direct my question to the Minister of Agriculture. In view of the recent announcement by the Minister of Trade and Commerce regarding the increased exports of Canadian cheddar cheese, will the

minister bring to the attention of Treasury Board the urgent need of assistance in the amalgamation of cheese factories so they can increase their production?

Mr. Speaker: Order, please. The hon. member is making representations to the minister, and I suggest that is not a proper way in which to frame a question at this time.

ADMINISTRATION OF JUSTICE

STEVEN TRUSCOTT—CONSIDERATION OF GRANT OF NEW TRIAL

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in connection with the Truscott case I should like to ask the Solicitor General whether he has anything to report regarding consideration to the use of a short-cut if, on an examination of the case by the law officers of the crown, the conclusion is reached that there is a probability, likelihood or possibility that an injustice has been done, by the granting of a new trial, which the government has the power to do in cases of doubt?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I expect to be giving my report to the Prime Minister within a very few days. The point raised by the right hon. gentleman will be given consideration when I am preparing that report.

WATER RESOURCES

REPORTED STATEMENTS BY PARLIAMENTARY SECRETARY TO MINES MINISTER

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is directed to the Minister of Mines and Technical Surveys. In view of the conflicting statements made by the minister's parliamentary secretary to the minister of mines and the resources minister of British Columbia regarding possible water exports, will he be conferring with the resources minister of British Columbia in order to prevent any further premature announcements being made outside this country?

Mr. Speaker: Order, please. I suggest the hon. member is making an allegation as part of his question, and for that reason it cannot be accepted.

[Mr. Webb.]

DAYLIGHT SAVING

SUGGESTED ESTABLISHMENT ON NATION-WIDE BASIS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I should like to direct a question to the Prime Minister. A short time ago I understood him to say that he would consider whether anything could be done toward unifying the implementation of daylight saving time across Canada. In view of what is being done now in the United States in this regard, I wonder whether the Prime Minister has thought about this and—

Mr. Speaker: Order, please. This question should be placed on the order paper.

LABOUR RELATIONS

BISSETT, MAN.—ASSISTANCE FOR UNEMPLOYED MINE WORKERS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Minister of Citizenship and Immigration in his capacity as the minister of manpower. I should indicate that I have given him notice of my question.

My question relates to the sudden and unilateral decision of San Antonio Gold Mines Limited to close the operation of the gold mine at Bissett, Manitoba. In view of this situation, has the department taken any action either to help the company recruit skilled mine labourers or to establish a special national employment service office in that town in order to assist the people to find employment elsewhere in the country?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, I thank the hon. member for giving me notice of his question. A team of manpower officers under a regional director left Winnipeg this morning for Bissett. They will be located there for a period of time and will try to find employment and carry out consultations in order to direct some workers according to our training programs. They will also consider the situation in order to discover the extent to which we can apply our mobility manpower program. I might say that we are working in co-operation with the Manitoba provincial department of labour in this regard.

CRIMINAL CODE

PROPOSED AMENDMENT REGARDING CAPITAL PUNISHMENT

The house resumed, from Monday, April 4, consideration of the motion of Messrs. Byrne, Nugent, Scott (Danforth) and Stanbury:

Resolved, that it is expedient to introduce a measure to amend the Criminal Code for the purposes of

(a) abolishing the death penalty in respect of all offences under that act;

(b) substituting a mandatory sentence of life imprisonment in those cases where the death penalty is now mandatory; and

(c) providing that no person upon whom a mandatory sentence of life imprisonment is imposed shall be released from imprisonment without the prior approval of the Governor in Council.

And on the proposed amendment thereto of Mr. Macdonald (Rosedale).

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, the debate in which we have been engaged is one of great importance. The decision we will reach tonight will be an expression of the opinion of this house. If that opinion is for the retention of the present law there will be no change; if it is for modification, further steps will have to be taken by way of amendments to the Criminal Code.

I have listened with interest to the very many informative speeches that have been made. All of them I have read with critical attention. I have been impressed by the careful marshalling of arguments on both sides of the question and by the eloquence of those who have spoken as well as by their earnestness and conviction. The House of Commons has treated a serious subject with great care and appropriate consideration.

We have been discussing the question, as I see it, is the state justified in taking a life? Tonight we will give our decision and on that decision will depend the fate of many people in the future. The subject is not new. It has been debated for generations. It will be debated in the future, for murders are unlikely to cease and the state has a perpetual responsibility.

I am entering upon this discussion merely to record my point of view and to express my regret to those of my constituents who may hold a different opinion. I have refused to reply to questionnaires sent in advance for I hold that debate should precede decision.

Some hon. Members: Hear, hear.

Mr. Churchill: I have not held a fixed position over the years on the subject of capital punishment. I am familiar with the stress and strain of being obliged to participate in that awful decision that consigns a man to the gallows. I have been oppressed by the lingering doubt that perhaps an innocent man was being condemned to death.

• (3:40 p.m.)

Twenty years ago I was a member of a committee that endeavoured to obtain commutation of sentence for a man convicted of murder and sentenced to hang. He had been a comrade of mine in wartime. The other day I reviewed certain notes I had made at that time. I recorded that 15,000 citizens of Winnipeg signed the petition asking for clemency and that 75 lawyers of that city in one way or another had expressed similar views to the minister of justice of that period. We failed in our attempt. When all hope of reprieve had vanished I visited the condemned man in his cell on the day before the execution. We talked together as calmly and as dispassionately as if we had been in a home rather than in a prison. He told me he was innocent, but he made no complaints about anything or anybody. Stoically he had prepared himself to meet his fate with the same fortitude that he had shown overseas in wartime. A case like that inclines one to the abolition of the death penalty.

On the other hand, I have been bothered equally as much, if not more, by the many horrible crimes that have been committed. At an earlier period before the war, a convicted murderer who had escaped or had been released from prison in the United States entered Manitoba and strangled two women in the city of Winnipeg. One of the women was the mother of two small children. That case always comes to my mind when the subject of capital punishment is under discussion. It is, of course, only one of many somewhat similar cases. The question I have asked myself repeatedly is: Whose life is the more valuable. The murderer who murders again or the innocent victim? Which life does society consider should be saved? Is the state justified in saving the life of a criminal without being able to give complete assurance that another innocent person may not be sacrificed to that criminal's rage, lust or homicidal tendency? The case of strangler Nelson inclines me to the retention of capital punishment.

A wealth of material on the subject has been made available to us. Not least in value

is the White Paper prepared by the Department of Justice. I am not sure that anyone has produced in this debate any argument that is not to be found in that booklet. The statistics have been helpful but how much they prove is somewhat uncertain. On page 110 a review is given showing the number of murders over a five-year period in the various States of the Union. Massachusetts and Pennsylvania have populations almost equal in size. Both retain capital punishment. In the five-year period there were 187 murders in Massachusetts and 717 in Pennsylvania. What does that prove? Compare both those states with Michigan whose population is only slightly larger. Michigan is an abolition state. In the five-year period murders in Michigan totalled 806 as against 187 in Massachusetts and 717 in Pennsylvania. Does this prove that capital punishment is a deterrent? But then look at North Dakota and South Dakota, states which could not be more alike in every respect. North Dakota has abolition; South Dakota retains the death penalty. In four of the five years tabulated their record is identical. Does that prove anything and if it does, what is it?

The abolitionists say that the retentionists cannot produce any figures to show that the death penalty acts as a deterrent. Nobody can, for those who are deterred from committing a crime do not volunteer that information to anyone. To say that the death penalty is no deterrent is to say that men do not fear death. This, to me, is incredible. Fear of death is an instinctive reaction. To conquer or subdue that fear is a feat of which some people are not capable. In wartime fear of death operates 3,000 miles away from the battlefield, one mile away, and on the battlefield itself. No one who has seen death in many forms can say and be believed that fear of death is not a powerful factor in determining a course of action. That is not to say that many criminals are not completely reckless and fearless. But there must be many others, criminally inclined, who shrink from risking their lives.

The sanctity of human life is a powerful argument that has been used very effectively during the course of this debate. I wish that the sanctity of human life were universally acknowledged. In the 66 years of this 20th century so little regard has been paid to the sanctity of human life that literally millions of people have been destroyed without compunction in war, in concentration camps, by atomic bombs. They have been destroyed in the heat of action and with cold-blooded premeditation in the gas chamber.

In the state's increasing conflict with the criminal how much weight should be given to the wholly admirable ideal of the sanctity of human life? Which life is more sacred, that of the deliberate killer or that of the possibly defenceless and harmless victim? Which life is more useful to the state? To which does the state owe the greater responsibility? Can the state give an assurance that the cold-blooded, calculating murderer will never have another chance to practise his evil ways? We are told that only a few murderers become repeaters. Whose life is the state prepared to offer up as the second victim or the third victim? Where, then, lies the state's responsibility for the sanctity of human life? These are some of the questions that I have been pondering during the last few days.

We have been informed by countless articles and statistics that crime is on the increase. We now know that we are in the shadow of organized crime which has infiltrated into Canada. Organized crime appears to make use of professional killers to accomplish some of its objects. To frustrate the operation of our laws professional killers apparently are employed to liquidate witnesses in narcotics and other cases. These professional killers either have no fear of capital punishment or else run that risk to avoid speedier punishment at the hands of their masters. Organized crime is a state within the state conducting war from within. How lenient can the state afford to be with those whose aim is the destruction of the state? Should capital punishment be retained as the state's ultimate weapon against organized crime which, far from being activated by impulse or emotion, relies rather on the most carefully planned, the most carefully premeditated operations?

The section of the Criminal Code which the abolitionists would like to remove is the very one which deals with planned, premeditated murder. The section, reprinted in the White Paper on page 67, reads as follows:

> Murder is capital murder in respect of any person where it is planned and deliberate on the part of such person.

The section also provides the death penalty for those who kill law enforcement officers and prison guards. In recent years capital punishment has been sparingly used. The section is there in the act but the cabinet may use its discretion in its application. Commutation of the death penalty, life imprisonment instead of hanging, may be determined

by the cabinet judging with great care each case on its merits. The abolitionist should have no cause for complaint if the section remains in the act and the death penalty is rarely used. The retentionist should have little cause for complaint if the section is retained as the state's reserve power in case of necessity.

• (3:50 p.m.)

Society must decide which life is the more valuable—the child, the woman, the police officer, the prison guard or the criminal. The state cannot guarantee life for all of these at our present stage of development. The state cannot yet guarantee that prisoners will never escape. Psychiatry cannot yet guarantee an absolutely accurate answer to psychiatric problems. The parole system cannot yet guarantee that reformation and rehabilitation have been completely successful. Until those guarantees can be given the state owes a higher duty to its law-abiding citizens, to its women and children, than it does to the criminal.

I am now prepared to answer the question I posed at the beginning: "Is the state justified in taking a life?" My answer is "Yes", under the law as it now stands with the cabinet deciding each case on its merits and with due regard to the safety of the law-abiding citizens of the state. I propose to vote against the amendment and the main motion in order to retain the present law as it was modified in 1961.

Mr. T. C. Douglas (Burnaby-Coquitlam): There are times, Mr. Speaker, when the House of Commons rises to heights of grandeur and becomes deeply conscious of its great traditions. I think this debate had been one of those rare occasions. There has been a minimum of rancour and there has been no imputation of motives because I think that the abolitionists and retentionists alike have been sincerely searching their consciences to see if we can honestly resolve a moral problem. This problem is, how can we abolish a brutal punishment without endangering the safety of society?

I am in favour of the motion to abolish capital punishment and I am also supporting the amendment to put it on a five-year trial basis. I doubt that there is much new that can be said in this debate. The entire field has been well covered but I should like to put very briefly four reasons for my opposition to capital punishment. The first is that capital punishment is contrary to the highest concepts of the Judaic Christian ethic. I do not propose to go into theological arguments, but both in this debate and in the discussions which have taken place outside the house many people have been quoting Scripture in support of retaining the death penalty.

It is always a dangerous practice to quote isolated passages of Scripture. The Bible has been quoted in times past to support slavery, child labour, polygamy, the burning of witches, and subservience to dictators. The Scriptures have to be viewed as a whole. The Bible is not one book, it is many books. It does not have a static concept. It represents man's emerging moral concepts as they have grown through the centuries.

It is true that the Mosaic law provided the death penalty for murder. It is equally true, if one looks particularly at the 20th chapter of the book of Leviticus, that the Mosaic law provided the death penalty for 33 crimes including such things as adultery, bestiality, homosexuality, witchcraft and sacrificing to other gods than Jehovah. It seems to me that those who want to pick out isolated texts from the Bible in support of retaining the death penalty for murder have to be equally consistent and ask that the death penalty be retained for all the other crimes listed in the Mosaic law.

Of course, those who take this position overlook several facts. They overlook, first of all, the fact that the Mosaic law was an advanced law for the primitive times in which it was formulated. It was later succeeded by the Hebrew prophets who introduced the idea of justice superseded by mercy, the possible redemption and re-establishment of the individual. They overlook the fact that if any nation in the world ought to feel itself bound by Mosaic law it should be the state of Israel. The state of Israel abolished the death penalty many years ago except for Nazi war criminals and for treason committed in times of war. The religious hierarchy of the state of Israel enthusiastically supported the Knesset in abolishing the death penalty in that country.

But for those of us who belong to the Christian religion it seems to me we have to remember also that the Christian religion went far beyond the Mosaic law. In the days of the founder of Christianity the Mosaic law still obtained. This law decreed that a woman taken in adultery could be stoned to death. We should remember the statement of Jesus of Nazareth when he came upon a group of people preparing to stone such a woman to

death. He said, Let him who is without sin among you cast the first stone.

When the crowd had dwindled away so that only the woman was left he said to the woman, "Go and sin no more". It seems to me that this is the ultimate culmination of the Christian concept of the application of mercy and the possible redemption of the individual.

My second reason for opposing capital punishment is that I believe capital punishment brutalizes the society that uses it without providing any effective deterrent that cannot be provided equally well by life imprisonment. I believe that any society that practices capital punishment brutalizes itself. It has an effect upon that society and I do not believe that society can rid itself of murderers by itself becoming a murderer. Surely if brutality would deter the committing of a crime Great Britain should have been a place of law-abiding citizens because a little over 150 years ago there were over 200 crimes for which an individual could be put to death. Instead of making Britain a nation of law-abiders it was a country where crime abounded, where human sensibilities were dulled by the public execution of criminals. It is rather significant that in that day, as in this, it was often the juries who were more humane than the lawmakers. It was only because juries refused to convict, knowing the terrible punishment which would follow, that the lawmakers were forced 150 years ago to remove the death penalty from a great many of the crimes for which it had been prescribed.

• (4:00 p.m.)

All of the evidence which can be gathered seems to indicate that the death penalty is not a unique deterrent and that life imprisonment can be equally effective. Most hon. members are familiar with the works of Thorsten Sellin, a professor at Pennsylvania University, and his book "The Death Penalty Relative To Deterrence And Police Safety". Many figures have been quoted and I do not think there is any need for me to quote them again. Certainly his study in the United States, which compared states which have abolished the death penalty with states which have retained it, led him to the conclusion that "abolition had no visible effect on homicide rates".

Marc Ancell, who did the United Nations study which looked into the experience of the many countries which have abolished capital punishment, some of them as long as 50 years ago, and states which have retained it, came to this conclusion:

> Removal of the death penalty has never been followed by a notable rise in the incidence of crime no longer punishable with death.

I readily agree, Mr. Speaker, that quoting endless statistics is not going to prove either the case for abolition or the case for retention, but there certainly seems to be no convincing volume of evidence which would satisfy any unbiased individual that abolishing the death penalty has resulted in an upsurge of homicide or that those states which have retained the death penalty are any freer of capital crimes than those which have not.

After all, Mr. Speaker, who is it that the death penalty deters? It has certainly not deterred the man who commits murder. Will it deter him in the future? Surely he can be deterred in the future by being incarcerated for the remainder of his life. Who is deterred if this man is hanged? Is he to be hanged as an example to the rest of the community? I can conceive of nothing more immoral than to break a man's neck as an example to other people, but if that is the argument then surely, as the Leader of the Opposition (Mr. Diefenbaker) said yesterday, we ought to have public executions.

The hon. member for Winnipeg South Centre (Mr. Churchill) said that the fear of death will deter men. The fear of death will deter normal men but when a man commits murder, is he normal? Can we understand the motivation that causes a man to take a human life? When a man commits homicide, does he sit down and assess whether he is committing it in a state that has capital punishment or in a state that has abolished capital punishment? I think not. In the main the man who commits homicide is the man who is mentally ill, the man who kills does not make the common, rational judgments that are made by the average individual.

Miss LaMarsh: You contend they are the ones who commit most of the murders?

Mr. Douglas: Yes.

Miss LaMarsh: You contend they are the insane?

Mr. Douglas: The Secretary of State (Miss LaMarsh) says that they are not insane. This depends entirely on her definition of insanity.

Miss LaMarsh: That is in the law.

Mr. Douglas: An individual who has become so mentally sick that he will take another life or ravage a child is certainly not a mentally healthy or normal individual.

The third reason I am opposed to capital punishment, Mr. Speaker, is that I believe there are better ways to ensure the safety of society. I completely agree with the hon. member for Winnipeg South Centre who argued that we must be concerned about the safety of the public. When he asks which is the more important, the life of an innocent person who may be killed or the life of a murderer, there is no doubt that the life of the innocent person is the more important. But is the fact that we break a man's neck any guarantee that innocent people will not be hurt?

We are not suggesting removing the penalty. We are saying that the penalty which ought to be retained is one that will do the two things which are important. First of all, it must be a penalty which will remove the convicted person from human society as long as that person is likely to be a menace to the safety and well-being of his fellow men. Second, that person should be given an opportunity to receive whatever psychiatric treatment and rehabilitation is possible in the light of his own particular circumstances.

What we have to decide is what we are trying to do, Mr. Speaker. Are we thinking purely of punishing somebody because they have done wrong? Are we thinking purely in punitive terms? Are we thinking purely in terms of vengeance or retribution? Or are we thinking of the two things I have mentioned, first, the safety of society by incarcerating the convicted murderer for life and, second, the possible rehabilitation and redemption of that individual. There is additionally the third great advantage that if society has made a mistake it is possible to rectify the mistake, because justice is a human institution and like all human institutions it is liable to error.

I maintain that society has no right to take from a man something which it cannot restore to him. If society makes a mistake and confines a man to prison, depriving him of his freedom, when that mistake is found out society can at least restore to him his freedom and provide him with some compensation for the years he has been incarcerated. But if we hang a man and then find that a mistake has been made there is nothing at all which can be done to make amends.

My quarrel with the death penalty is that it is purely a negative attempt to promote the safety of society. We need to adopt positive measures to promote the safety of society. For instance, we need better law enforcement. In both Canada and the United States every year a great many unsolved crimes are committed. One of the best deterrents is for the criminal to know that if he does commit a crime he will be found out, that he will be incarcerated and put in a place where he can no longer be a menace to the community. We need quicker crime detection methods. For some types of crimes, particularly for those involving psychotics, there ought to be indeterminate sentences.

• (4:10 p.m.)

We all recall a case a few years ago in which a man sexually assaulted a child. He was sentenced to five years in jail. To my mind this was ridiculous because it was based purely on the punitive concept and not out of regard for the safety of the community. It was assumed that at five years less one day, when he was in jail, he was a menace but at five years plus one day he was no longer a menace. Such individual ought to be sentenced to be kept out of circulation until such time as a panel of judges, psychiatrists and social workers are as certain as a human person can be that the individual is no longer a menace to the safety of the community. I think that in many cases indeterminate sentences to keep out of circulation psychotics who are likely to commit crimes would be of great advantage. In the case I referred to the man got out of jail after five years. Within six months he had not only assaulted another child but had killed the child in the process. Had that individual been sentenced to an indeterminate sentence in the first instance he would not have committed this second heinous crime.

If we want genuine deterrents in this country we need a program of penal reform for the segregation of prisoners and for their rehabilitation so that young first offenders do not go to jail to take what is virtually a postgraduate course in crime.

Let us face the fact that when we talk about retaining capital punishment as a deterrent we are really trying to take the easy way out from solving our problems. In the long run society often gets the criminals it deserves.

Why do we have criminals? What is wrong with the society that produces criminals? Some years ago when I was attending

Chicago University I remember that every newspaper in the United States had a heading, "Where Is Crawley?" Crawley was a young gunman who was being hunted across the United States for a series of murders.

A very great columnist in the United States wrote a column which he headed, "Why Is Crawley?" He said that the people of the United States, instead of asking "Where Is Crawley", ought to take a little time out to ask "Why Is Crawley?" The columnist went over his history. He came from a broken home which the father had deserted and where the mother was out working all day. The boy lived on the streets. He was part of a gang of hoodlums. He was sent to reformatory and then was back on the streets. He was without proper education and without any counseling. He was sent to jail and associated with hardened criminals. He came out of jail twice as tough as when he went in. By 19 he was a hardened criminal. By the time he was 21 he was a killer. He was finally shot down by the police who were trying to capture him.

I suppose one of the most lamentable murders in our time has been the killing of President John F. Kennedy. Yet, when one reads the story of the man who is believed to have been responsible for his death, we find that when Lee Oswald was a boy in school he was recommended to undergo psychiatric treatment because of the dangerous psychotic tendencies he then displayed. But there were not enough psychiatrists to look after all the children in that particular part of New York city and this boy was not treated. This boy grew up with his psychotic tendencies expanding, and he is believed to have been responsible for extinguishing one of the brightest lights of our generation.

If we really want to tackle the problem of eliminating crime, we must tackle the problem of the slums which breed crime and we must tackle the problem of the lack of psychiatric clinics to take care of psychotics and persons who may become criminally dangerous. We need the kind of penal reform that will make possible the rehabilitation of first offenders with proper probation and parole. We need to go to the roots of the cause of crime and to ask ourselves what it is that produces the murderer in society.

Mr. Deputy Speaker: Order, please. I must advise the hon. member that the time allotted to him has expired.

Some hon. Members: Continue.

[Mr. Douglas.]

Mr. Deputy Speaker: Does the hon. member have unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Douglas: I shall only take a few minutes, Mr. Speaker. I thank the house.

My final point is that I am opposed to capital punishment because I believe that the measure of a nation is the manner in which it treats its misfits and its offenders. Capital punishment has already been abolished in most of the advanced nations of the western world. The abolition of capital punishment has come to be taken as the hallmark of a nation's conscience. I want to see Canada take this great forward step, and I want to make a special appeal to the members of the house to consider how important for Canada and for its future will be the vote we shall take tonight.

I understand that 14 men are now under sentence of death.

An hon. Member: How many have they killed?

Mr. Douglas: This places the government in a very difficult dilemma.

An hon. Member: You mean the cabinet.

Mr. Douglas: The government is the cabinet. They are virtually one and the same thing.

I should not want to be in the shoes of the Prime Minister and the members of his cabinet who have to face up to this very difficult problem. Nobody has been hanged in Canada since 1962. If the motion tonight is defeated the government is going to be in an awkward position. Either it will have to commute those sentenced to death to life imprisonment, knowing that the House of Commons has just rejected a motion suggesting the abolition of the death penalty, or it will have to take the defeat of the motion as an expression of opinion and allow the death sentences to be carried out.

I urge the members of the house to consider the predicament which faces the Prime Minister and the cabinet. I want to urge the house to give a five-year trial to the abolition of the death penalty. If the fears that have been expressed prove to be warranted, if there is an upsurge in the rate of homicide, if we are faced with an increase in crime rate, then in five years the members of the House of Commons who are here then can allow the

death penalty to become effective again simply by taking no action. But I would urge that we give this a chance, that we step into line with the progressive countries of the world which have already abolished the death penalty.

• (4:20 p.m.)

I know there are members in different parts of the house who do not agree about all the details, for example, about the full extent of abolishing capital punishment, but may I point out that we are not dealing with legislation. We are dealing with a resolution which simply sets forth certain principles. If the house expresses itself as being in favour of replacing the death penalty with life imprisonment, that will really mean life imprisonment unless the Governor in Council decides to the contrary. The government, I hope, will then bring down legislation. At that time we will be able to discuss the legislation and deal with the details of what the law will have to say.

Mr. Diefenbaker: It must bring in legislation.

Mr. Douglas: Yes. If the resolution passes it will be mandatory on the government to bring down legislation, but the point I want to make is that when that legislation comes before the house it will be subject to amendment and refinement. This is not the time to resolve differences about details. The time to resolve them is when we have legislation before the house which can be discussed clause by clause in committee of the whole. At such a time the matter can be examined in greater detail.

What I plead for is that we pass this resolution tonight, with the amendment, which will declare in principle that the house is in favour of abolishing capital punishment and replacing it with life imprisonment. If we do that then I believe the House of Commons will have won a great victory, not a victory that will be accompanied by the blaring of trumpets or the rolling of drums but a victory in that we will have taken a forward, moral step and left behind one of the last relics of barbarianism. We will be moving forward to a more humane approach in dealing with crime.

[*Translation*]

Mr. Paul Langlois (Chicoutimi): Mr. Speaker, I have been listening attentively for four days to hon. members who spoke either for or against abolishing the death penalty.

I intend to be very brief. I will make what will probably be the shortest speech in this debate. As a matter of fact, I will make only a few remarks.

To show where I stand, I must say right away that I am for retaining the death penalty.

One of the main points raised by those who are preaching abolition—and I repeat "who are preaching"—is that the death penalty is not a deterrent against murder. Therefore, how can we explain that robbers, allegedly armed, sometimes use toy guns or, even worse, unloaded guns?

Another point often raised is about statistics. What worries me a little is that statistics are chosen in this or that country depending on whether or not they are favorable to the discussion. Besides, I think that statistics can be made to say anything, depending on whether they are taken as a whole or only in part. In this debate, they have been used to mean all kinds of things but only in part.

The Holy Bible was also put to use. But there again, if you take the time you will find quotations which, on occasion, can serve both sides, either for or against abolishing the death penalty.

In reply to those who claim that abolition would make the difference between civilized and uncivilized society, I say that premeditated murder certainly constitutes a much more serious obstacle to that ideal of a civilized society.

Mr. Speaker, I think that the first duty of an hon. member is to protect society by always considering the common good. I feel deeply that voting in favour of abolition is not to serve the common interest and I say that for two main reasons:

First, to vote for the abolition of the death penalty is to give hired killers the assurance that they can, for money, kill all those they want, without ever having to fear that the same thing will happen to them.

Second, to vote for the abolition of the death penalty is to give to all those sentenced to life imprisonment a licence to kill as they please, either other prisoners or prison guards, especially when trying to escape.

Murder is by far the most odious of crimes. It certainly deserves the harshest punishment: the death penalty.

[*English*]

Mrs. Jean Wadds (Grenville-Dundas): Mr. Speaker, at the beginning of this debate I had some misgivings as to the timing of it, fearing that following on a rather emotional period in the house we might see further displays of

extreme emotionalism, possibly followed by bitterness. But I think it is very much to the credit of all hon. members who have spoken that the calibre of the debate so far has been fine and that the various opinions have been expressed in such a sincere, studious and thoughtful manner.

The amiable and eloquent hon. member for York South (Mr. Lewis) objected to those in favour of retention inferring, intentionally or unintentionally, that abolitionists were soft on criminals. I would like to add an equally strong objection against those in favour of abolition inferring, whether intentionally or unintentionally, that those in favour of retention are somehow barbaric, unthinking and unprogressive.

One hon. member of the house said:

> I see few members of this house prepared to question it—that abolition of the death penalty constitutes in itself social progress.

I definitely question it, Mr. Speaker, and I suggest that by their speeches and opinions many hon. members question it too.

I do not agree with the inference that those who wish to abolish the death penalty are more modern, more learned or more sympathetic. For centuries thinkers and philosophers have returned time and time again to the idea of abolition. It is nothing new. It does not seem to me a sign of the maturing of our society. In fact it seems to me that the maturing of our society would be exhibited by a decline in crime altogether. But though we are rightfully boasting of our enormously high standard of living, yet at the same time we are considerably worried about the increase in violence, delinquency, and organized and professional murdering.

According to the Department of Justice June 1965, publication, "Capital Punishment", there are slightly over 60 countries in the world which still retain the death penalty and there are about half that number which have abolished it, totally or in part, so it does not seem at all true to say that we are somehow behind the times and very unprogressive if we do not rush into abolition of the death penalty.

The hon. member for Bow River (Mr. Woolliams) said in his excellent speech that it is nice to be a reformer. Indeed this is true. It is very dramatic and it is very attention getting, but to be a worthwhile reformer the reform proposed must involve some improvement in our society and no one yet has been able to state convincingly, to me at least, that abolition of the death penalty would be an improvement in our control of murder.

[Mrs. Wadds.]

• (4:30 p.m.)

Only 13 of the 50 states of the United States have abolished the death penalty and in three of these the penalty has been revived. New Zealand and Australia have brought it back again after periods of abolition. It seems to me that very clearly it is a matter of interpretation, the interpretation of our regard for human life. It is precisely because I do regard human life as so precious and as the fundamental birthright of every human being that I say the gravest penalty must be maintained as a warning against murder and to encourage a premeditated and thoughtful form of human behaviour. Our whole society is concentrated on protecting this birthright, this feeling of the precious element of human life. We pride ourselves with some justification on the lowering of infant mortality, the extended life expectancy, our vastly improved medical science, and freedom from starvation and death by exposure. Whether it be from pride in our social standards or moral and religious codes, our whole way of life is directed to keeping people alive.

Research scientists, some of our most gifted minds, often die in despair having devoted their whole lives to the search for a cure in one phase of a disease. We have armies of police and we spend millions of dollars protecting people by instituting laws against assault, against reckless driving and against any behaviour that might lead to bodily harm. This all is based on our respect for human life and our desire that the life of each person, young and old, small or big, sick or well, should be untouchable and inviolate.

The person who rebels against this society, who sells or gives a government secret to another government is accused of treason. Generally this is considered the worst of all crimes and in some countries capital punishment is even maintained for treason when it is abolished for murder. I feel strongly that rebelling against our society to the extent of committing premeditated murder is just as loathsome as treason.

Other mistakes are retrievable, as has been said time and again in this debate, but this one is not. I think our young people should grow up knowing this, learning this. Why should there be so much talk about the irretrievability of the death penalty and so little regarding the irretrievability of the life of the victim? Why should we be so squeamish about retribution? Learning to live at all well or fully or rewardingly is learning of

retributions. If we concentrate, we learn; if we exercise, we have strong muscles; if we over-eat, we grow fat. Some people will not recognize retributions as the result of their behaviour, or do not mind them, but no one should be allowed to have any hope of avoiding the penalty for murder.

Murder cannot be thought of as a permissible act in our society, and I strongly object to the argument that capital punishment is a repetition of murder. To me this seems to make a farce of punishment. If it is to be made a farce in the treatment of the most impermissible of all acts then it is logical to consider punishment a farce for lesser crimes, and where then does our society turn to for control?

I think one of the best speeches in this debate was made by the hon. member for Niagara Falls (Miss LaMarsh). I agree with her entirely in respect of her support for the need for gradations of crime and therefore gradations of penalty. Like her, I definitely feel there is a limit which must be recognized as utterly unacceptable. If, regrettably, with all our efforts and safeguards members of our society still go beyond this limit of behaviour, there can be no other course but to remove them.

Certainly as much as anyone in this house I dislike emotional displays as a means of debate. But since some of my colleagues feel strongly enough about abolition of the death penalty to mention deep personal and religious reasons for their feeling. I hope I will be forgiven if I express a personal reason for retention of capital punishment, a reason which I am sure many Canadian women share and a reason which I think should be expressed—the feelings of a mother.

There are some unchanging facts in life, and in the days before childbirth or during the pain involved a mother's whole thought always has been and always will be that this child live. That it be beautiful, rich or clever always will remain secondary to the one basic wish that it live. Henceforth any sickness in this child becomes a mother's greatest worry. The end of this child's life becomes the greatest loss which could be contemplated, and if any person murders this child, whether if be with an axe, a gun, or poison, and for whatever reason, whether it be through jealousy, sexual perversion of what have you, then whoever that person be that person forfeits his or her right to go on living.

I do not think, Mr. Speaker, that I am alone in this feeling and in wanting this kind of protection in society for my children and for other children. Some persons speaking in favour of abolition have said that those in favour of retention speak of it in qualified terms and somehow are not sure of their opinions. I feel very sure that our society must have its rules and must have its penalties. There may come a time when there will be no murders committed. Like everyone else in this house, like every other Canadian, I sincerely hope so, but until this time comes I feel that millions of people across this country feel such revulsion to certain murders that the severest penalty must be maintained.

Capital punishment has been with us for a long time. There are thousands who feel it is a deterrent to murder. It is a long established practice that before repeal or revision of a statute those who seek the alteration must accept the onus of responsibility for substantiating their claim that a requirement exists for such changes. The people most immediately involved with detecting murder and apprehending murderers, our police, do not want abolition. To me this is an enormously strong argument against abolition. In other areas of our society we base our decisions on opinions of those most closely connected with the problem. Why not in respect of this so important problem?

• (4:40 p.m.)

In the 1960 debate in this house it was pointed out that perhaps one of the most convincing arguments is to be found in the report of the special parliamentary committee of 1956. They came to this conclusion on the sole point of whether capital punishment does represent a deterrent:

> In considering the arguments for and against abolition, the committee was conscious of the view of the provincial attorneys general and other officials responsible for law enforcement from whom it received evidence that capital punishment is an important and necessary deterrent to murder.
>
> The committee has concluded that capital punishment does exercise a deterrent effect which would not result from imprisonment or other forms of punishment.

Like the hon. member for Swift Current-Maple Creek (Mr. McIntosh), I do resent Communist organizations pressing us to decide in favour of abolition. Certainly they do not wish to aid us in strengthening our society. I am sure it is unnecessary to add that I am absolutely not implying any Communist leanings on the part of those who have spoken in favour of abolition.

Mr. Orlikow: Why mention it?

Mrs. Wadds: We have heard a lot from lawyers. I respect their learning and their experiences but it does seem to me that their experiences are probably concentrated rather closely in one area. To me, one of the most ineffective suggestions is that those in favour of the retention of capital punishment should have to witness capital punishment. Is it not equally sensible to demand that those who would use this argument should have to witness murder itself?

Some hon. Members: Hear, hear.

Mrs. Wadds: There may be some mothers —undoubtedly there are—who feel differently than I who might ask: Would you feel this way if your child was the murderer? I can only say that personally I would. Of course, this is a thought to be avoided just as the thought of sending a child to war is to be avoided, but if we reach this limit of our resources in our society then we must pay the price.

I feel that war is a breakdown of everything that we are striving for with regard to respect for human life and in learning to understand others with whom we live. Murder is the same sort of breakdown. The record shows that all those in favour of abolition did not or would not refuse to go to war to maintain our type of society. This leads me to my last point, that we should vastly increase our resources toward the abolition of murder.

We hear a lot about guidelines in economics, guidelines in education, guidelines in culture. There seems to me to be one definite guideline, the irrevocable, unchangeable guideline which is, "thou shalt not kill".

Let us double, triple or multiply our research a hundred-fold into mental and emotional health, in every avenue that may protect people from the state of mind in which they commit murder. I think there may be a great deal to be done in this respect in our entertainment world. Surely there is a great deal of interest, beauty and charm in this world without so much of our literature, drama and art being devoted to crime and shooting. Surely it is bad for our children to watch shows ad nauseam in which there seems to be something smart and clever in violence and shooting straight.

Let us concentrate on abolishing murder, but until it is abolished let us treat it as it is, as impermissible and to be punished in the strongest possible way. As the hon. member for Bow River and others have so rightly said, there are three ways of dealing with crime, by swift detection, by swift apprehension and by swift punishment.

Like all citizens, Mr. Speaker, I am most anxious that there be no weakening of respect for our judicial system. It seems to me, and I have questioned many people and have given close attention to every opinion that has crossed my desk, that Canadians are widely divided, even among churches and church members, in their attitude toward capital punishment. But I am sure all Canadians are unanimous in the feeling that the stability of our judicial system is of first importance in maintaining the stability of our way of life.

I think most people approve of appeals but I feel strongly that these should remain in our courts. I cannot but feel that cabinet decisions are bound to be political. They cannot be otherwise because they are made by politicians and politicians of all people, it seems to me, are peculiarly unfitted for such decisions. Their elected job is a temporary one. It is based on popularity and it does not carry with it the expectation of this kind of decision-making. Surely all such decisions should rather go to judges who are educated and prepared for such decision-making. They have the facilities for and are accustomed to accumulating evidence and evaluating it.

We have obviously progressed in the swift detection and apprehension of criminals and it does not seem sensible to me to weaken this progress by confusion, delay and uncertainty regarding the penalty. Distasteful as some penalties may be, I feel they are requisites in dealing with crime.

Some hon. Members: Hear, hear.

Mr. D. R. Tolmie (Welland): Mr. Speaker, one is tempted to remain silent in this debate as it is quite impossible to be original. However, by repetition the total added weight of argument may help to influence the opinion of the house and tip the scales.

It is self-evident to state that the question of capital punishment has perplexed mankind for many years. Each of us has wrestled with his own conscience, torn by conflicting emotions and influenced by our individually developed philosophies hammered out in the battle of life itself.

My biggest personal battle was to try to separate emotion from logic. All of us are motivated by instincts, some of them quite

basic, and one is the reflex to hit back as hard as you are hit, to say that if a person destroys life he must pay by forfeiting his life. Through study and discussion I have arrived at the position where I support the general principle of the abolition of capital punishment. At the same time, if necessary to obtain some measure of abolition I would support amendments which would have the effect of retaining capital punishment for certain categories of murder.

What we are doing is deciding as a House of Commons whether capital punishment ought to be retained in a civilized community. In a civilized country the taking of human life can be justified only by the clearest evidence of imperative need. When we ask ourselves what is this clear and convincing evidence which justifies the taking of human life, the answer usually advanced comes under two headings, deterrence and retribution.

I believe that capital punishment can only be justified on the ground that it is a unique deterrent, and I contend it is not. Essentially this ultimate crime is motivated by emotions so strong that its perpetrator does not stop to think whether or not he will die for it. The law neither deters nor encourages him. For him, at the moment, it simply does not exist.

Because death is awful and final many people tend to underrate the deterrent power of the self-destructive prospect of life imprisonment, of loss of freedom, of soul-corroding confinement, of the deprivation from the simple pleasures and beauties of a free life.

It should not be forgotten that until 1955 the offence of rape was punishable by death. The repeal of the death penalty for rape has not led to any increase in this offence. The real deterrent to crime is the certainty of detection and punishment rather than the severity of punishment.

Millions of words have been uttered on this subject, learned briefs have been drawn, statistical evidence has been adduced, and the present position is that it has not been proven that capital punishment is a unique deterrent to murder. Nor has it been shown that when capital punishment was abolished the incidence of murder increased. Therefore I submit that the main argument for retention falls.

The second main argument advanced by the retentionists is that of retribution. What it means is that the community marks its abhorrence of the crime of taking human life by the gravity of the punishment it exacts. In that way the community hopes to burn into the conscience of mankind the unspeakable wickedness of the crime itself. We therefore have a paradox. To show the community the evil of taking human life, the community uses the taking of human life to do that very thing. Our society should say: We abhor the taking of human life so much that we ourselves renounce the right to do it.

• (4:50 p.m.)

There is also an element of revenge in retribution which is understandable but which is not compatible with the degree of civilization we have attained. The question is often posed: How would you feel and act if someone ravaged and murdered your daughter? Instinctively and emotionally my first reaction, my first retort, would be that hanging would be too compassionate. But on cool consideration and logically analysing the question, what do I achieve by taking the murderer's life? Do I regain my child? It does not correct his error. The act brutalizes society and lowers it toward his own depraved and savage level.

The argument of retribution in effect says that the only suitable punishment for one who takes life is to take his life. Apart from moral and philosophical concepts of retribution, is there not a paramount, practical reason why society should not execute even the most sadistic, brutal murderer? Do we not achieve more by preserving him so his abnormal behaviour can be studied by psychiatrists? These studies are essential if we are to add to the sum total of man's knowledge, if we are to delve into the dim recesses of irrational behaviour, if we are to learn how these sick minds work. Might we not apply such increased knowledge in a preventive way which could conceivably stop the occurrence of a similar act, one which could be slowly forming in a twisted, sick, warped and tortured mind? If we eliminate the abnormal murderer, do we not cast aside all opportunity to examine him and really make more possible the repetition of the type of heinous crime that we as a society are so desperately trying to eradicate?

In the long run it endangers rather than protects society to execute even the most brutal murderer. Our chance to find out his reasons for committing the crime is gone. Thus we leave ourselves a prey to other potential and developing murderers who can harm an unsuspecting society whenever the circumstances permit. We must confine, examine and assemble the increasing, cumulative knowledge about abnormal psychology

and apply it as a preventive measure if we truly wish to erase this type of menace from our midst.

For those who waver in this debate, I believe that one of the most convincing and perhaps clinching arguments against capital punishment is the possibility of judicial error. First, error can arise leading to conviction and execution in situations where through ignorance or lack of funds the accused does not have the highest possible calibre of defence. This is rare but possible. Second, in any system of administration of justice, however mature and efficient and in spite of the best legal counsel, through coincidence and circumstance miscarriages of justice can and do occur. The Evans case in Britain is the most striking example of this possibility. The execution of the convicted person obviously makes rectification of the error impossible.

Mankind recoils at the horror of taking an innocent life. Mankind blanches at such monstrous injustice. When we know that the possibility exists, this alone is a most powerful argument for the abolition of capital punishment. Britain has for years gone through the agonies of debate on capital punishment. They achieved its abolition with a compromise. Capital punishment was abolished for a five-year, trial period. If necessary we could follow their example. If there is no significant increase in capital murder during that period, parliament can move with assurance and public support to relegate the hangman's noose to where it belongs, the museum. If this approach would satisfy some honest doubters I for one would support such an amendment.

Through the centuries man has tried to grapple with the abstract question of justice. It is a relative concept which changes with the times. If we peer back into history we note that capital punishment was once thought to be the only just punishment for theft, adultery, heresy and forgery. We now find this punishment for such misdeeds revolting. Voices thundered in the past that death was the only suitable punishment for such crimes.

As society develops and the sanctity of life becomes more ingrained into our philosophy, as we struggle to combat our primitive urges which are scarcely concealed beneath the surface of us all, gradually through quiet evolution we have discarded old ideas of retribution and punishment. We have taken tentative steps. We have groped toward

[Mr. Tolmie.]

changing and elevated ideas of justice. We clamber clumsily at times, hesitatingly and afraid up the ladder of social reform and progress. Is not the abolition of capital punishment the natural culmination of centuries of man's effort to achieve justice based on reason? Is it not the final step, the final rung on the ladder, the summit or the high plateau to which we at times unwittingly and at times consciously have been painfully crawling?

I feel that now is the time to take this last step. I believe it to be inevitable. I see no purpose in delay. A custom which has disappeared in most civilized countries and is withering away in many more should be discarded in a country such as ours which has been renowned in the past for its enlightened reform approach to the great social questions of the day. When historians in years hence peer back down the distant corridors of time, when future generations yet unborn reflect on this day of decision, let them be able to say: Members of the house bravely and wisely took another forward step in man's eternal search for solutions to the problem of crime and punishment.

Men of good will have honestly and sincerely voiced their opinions in this house. What a rare and precious privilege it is that we as individuals are still masters of our fate. Whatever the result, this chamber will be forever enriched, forever ennobled by the clear clash of conflicting concepts of free men in a free land, all dedicated to adding a little more to the sum total of social justice.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, in taking part in this important debate and putting my own thoughts and convictions on the record, I am mindful of the very fine speeches that have been made, particularly this afternoon. I shall be very brief. I have three contentions to put forward in support of my own position. First, I am concerned with the bleak outlook in regard to violent crime. I have figures here I could quote which demonstrate that violent crime, organized crime, in the United States increased by 40 per cent from 1958 to 1964, and the predictions are that if trends continue, particularly in juvenile delinquency, by 1975 there will be an increase of 80 per cent in crimes of violence. Figures also demonstrate similar trends in Canada.

Capital punishment still represents necessary protection for our social order. I distinguish capital punishment as applied in some countries in Africa for their self-protection.

But the peace and good order of the public can be endangered from time to time by forms of professional criminality. We are legislating for the whole of Canada, not for a particular state or a European country with different outlook from ours. I am impressed by the fact that at least the Attorneys General of our two major provinces profess that there is still a need for the retention of capital punishment.

• (5:00 p.m.)

My second thought is that abolition deemphasizes the role of rehabilitation. Abolition tends to detract from our whole program and unfortunately does not mean a corresponding interest in attention to rehabilitation. If I may digress for a moment, I would say that I believe many strong retentionists and abolitionists become so wrapped up in the problem that they tend to forget the major part of rehabilitation itself. In addition, many abolitionists will have to revise their thinking in so far as maximum security institutions are concerned. Most of them tend to be against segregation.

My third contention is that the attitude of society toward crime and punishment would be weakened if we removed the supreme sanction of the death penalty. In other words, it demonstrates society's revulsion to crime. The abandonment of the death penalty may cause less serious concern toward criminals which would result in a lowering of morality and our attitudes would be weakened accordingly.

I want to refer to the amendment of the former parliamentary secretary to the Minister of Justice. I am against it. It has the appearance of being government sponsored and the appearance of a cover-up or back door method. In my opinion we have had already a trial period. Let there be no mistake about it, Mr. Speaker, the issues are the same regardless of this amendment. It would be wrong to support this amendment and I suggest that the government must accept the responsibility.

The amendments made in 1961 served a purpose. I would have liked to see capital punishment gradually fall into disuse but still on the statute books. The government failed to live up to its responsibilities in this regard. They panicked in the Marcotte case where there was not even a recommendation of mercy. The government has been in trouble ever since. Contrary to what has been said in the press and elsewhere, the onus of proof is still on the abolitionists.

The other day I read that those who feel like I do are in what is called the "twilight group". I do not mind being placed in this position. In closing may I say that the other night I felt that the hon. member for Parry Sound-Muskoka (Mr. Aiken) had expressed my thoughts quite well when he said, if I have to choose between the protection of society and the convicted murderer I am on the side of society.

Mr. A. J. P. Cameron (High Park): It is not too often, Mr. Speaker, that I raise my voice in this chamber. I am glad to have the opportunity of doing so on this very important subject. It may be said that what has been said has no influence on those who have listened once they have made up their minds. I have made up my mind on how I am going to vote. I intend to vote for abolition. However, the hon. member for Burnaby-Coquitlam (Mr. Douglas) and the hon. member for Grenville-Dundas (Mrs. Wadds) have influenced me to the extent that I am going to toss aside my prepared text and speak as briefly and as firmly as I can about my views on this subject.

In the first place, sir, I had the privilege and opportunity of serving on the committee of this house which dealt with capital punishment. This committee considered all the factors for retention and abolition. These factors were argued strongly and very ably by people who were competent, knowledgeable and factual in what they had to say. It has been said that the committee decided to retain capital punishment. As you all know, there is no minority report issued by such a committee. My summing up of the situation was that the committee came to the conclusion that the public of Canada were not ready for the abolition of capital punishment at that time and found reasons to justify that position.

I should like to call to your attention the development of the idea of the abolition of capital punishment over the past twenty years. In 1948 the United Kingdom House of Commons passed two bills. One was for the complete abolition of capital punishment and the other provided for the division of murder into two classes, retaining mandatory punishment by hanging for a capital crime. Both of these bills were thrown out by the House of Lords. We know that in this house there have been no debates in the past in regard to the abolition or retention of capital punishment but this matter has been debated in the British House of Commons for centuries.

The members of the committee which dealt with capital punishment had the advantage of reading the debates which took place in the imperial parliament. They referred to the royal commission report which had been submitted on capital punishment. I had the opportunity of reading the report of the royal commission on capital punishment. I have come to the conclusion that capital punishment at the present time should be abolished.

Following that a law was passed in England dividing murder into two degrees and retaining capital punishment for murder in the first degree. The law here was then changed by this parliament and murder was divided into two degrees, retaining capital punishment for murder in the first degree. We can see the progressive spread of the idea. The royal commission found as a matter of fact that, having regard to the number of homicides in the United Kingdom and the number of persons who had been executed for murder over the past 50 years, the problem had resolved itself into such a small compass that it was a case of retention or abolition or finding some practical way of moderating the rigidity of the law.

The only solution that they could suggest was that after a jury had made its finding of guilty or not guilty they then be asked to go back and make a second finding if they had made a finding of guilty. They should be asked to decide whether there were extenuating circumstances indicating that the penalty should be reduced to life imprisonment. They have now gone one step further in the United Kingdom and suspended the application of capital punishment for a period of five years.

• (5:10 p.m.)

I feel that we too have advanced to the stage where we should abolish capital punishment. I have struggled, as all members have struggled, with my conscience in making up my mind whether or not this final sanction of the law should be imposed or revoked. I believe that it should be revoked. I appreciate the sanctity of life. I can understand the feelings of the hon. member for Grenville-Dundas just as I can understand the feelings of the hon. member for Burnaby-Coquitlam. This is a matter of conscience and my conscience dictates to me that capital punishment should be abolished. Therefore, Mr. Speaker, I intend to vote for its abolition.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to say a few words this afternoon to express my views on the resolution for the abolition of capital punishment. I have decided for some time now, to vote for the retention of the death penalty in cases of capital murder, treason and piracy, as provided under the 1961 act. An amendment to the resolution is now before the house, providing for abolition of capital punishment for a five-year trial period.

Mr. Speaker, I am also against this amendment because it is equivalent to saying to those who may have ideas: Do it now, you have five years to do it. Well, Mr. Speaker, I do not think that is the proper solution and, frankly, I have not been too impressed by the speeches I have heard in the house in support of the abolition of the death penalty.

It is said that Canada is civilized enough now to abolish the death penalty; there were times in the past when people were more civilized than they are today. The fact that we know about automation or that we are on the threshold of cybernetics does not mean that we are civilized for all that. To my mind, being civilized is to know that my neighbour exists, that he has rights and that I must respect them. Whoever plans a murder surely does not respect the rights of his victim. In all the speeches made I found only repetitions of the massive propaganda to which we have been subjected to get us to vote for the abolition of the death penalty. I noted, Mr. Speaker, that the abolitionists have at their disposal vast advertising media to make it appear that a great majority of the people are in favour of abolishing the death penalty when a capital murder is committed.

When it was made public that we would have to vote for or against the death penalty, I asked myself who could benefit from the abolition of the death penalty, if not the murderer himself. Personally, I have no plans. If the death penalty is abolished in cases of treason, who will benefit from it if not the traitors? With regard to murders committed during acts of piracy, who will gain if not the pirates themselves? I agree with the legislators who, in 1960-61, advocated the abolition of the death penalty in the case of unpremeditated murders; for instance, in the case of an individual who kills in anger and also for crimes of passion. Moreover, the insane and adolescents are no longer put to death. I am in favour of that. But the man who makes his decision coldly and plans his crime with care is no longer useful to society.

Mr. Speaker, I also deemed it advisable to consult my constituents on that matter by sending a questionnaire to all the families in my riding. Their opinions were very divided. In the eastern part of my riding, people are slightly in favour of abolishing the death penalty, whereas in the western part they are in favour of retaining it. The comments made in several replies greatly helped me to reach a decision.

Even if I favour retaining the death penalty, I do not think that execution alone is an effective deterrent against murder. But whoever deliberately, with premeditation, deprives of his life a competitor, whether in business, in love or in any other field, does he not put himself outside society? If it were possible to kill, without being punished severely, all those who, one way or another, prevent us from achieving our goals, overpopulation would not be a problem in the world.

Does not the traitor who kills the head or heads of government, or who plots to betray his country to the enemy, deserve death? Besides, among the countries that have abolished capital punishment for murder, treason is still punishable by death.

Mr. Speaker, violent death, whether it is caused by an individual or by the state, is as much repugnant to me as to anybody. That is why all of us without exception should take advantage of this debate to consider and find the means to improve life within our human society, in order that everyone may develop according to his intelligence and capacities; in order that men and women who unite to perpetuate life may raise their children in suitable homes and teach them to respect God and other people.

It is time to assume our responsibilities and to stop feeling that this should concern others, but not us. We should react as equal and responsible men and women. We should face the problem and realize that our children and our children's children should not be made to suffer for our follies. We should give up the idea that science can replace morals and progress replace hard work and that, for instance, the well-known tranquilizers can replace peace of mind and the well-known dope, mental toil. We should give up the idea that pills can master the soul. We should give up our faith in so-called progress that sends satellites into space but cannot, because of politics, prevent two men out of three from going hungry. Finally, we should understand and spread the understanding around us and make the mighty that lead us understand that science without conscience will ruin the soul and that a world without a soul is doomed.

• (5:20 p.m.)

To respect life is not solely a matter of not killing. It is a matter of allowing life to fulfil itself, of ensuring such conditions as will allow the harmonious and free development of the human being.

While some want abolition of the death penalty for the murderer or the robber, claiming that it does not befit us to do justice and that God alone has the right of life and death, others, and often they are the same, favour abortion which is nothing other than murder.

Mr. Speaker, let us be realistic. The society in which we live must be made to recognize the right to live at all times, must be made to fulfil its true role. But first of all, what is society? Robert Rochon recently gave us an excellent definition in *La Presse* and I quote:

> A society is a group of men joined in a single community by nature, by law or by agreement. It is the moral union of intelligent beings, grouped in a stable and efficient way to achieve a common and chosen object. Now, that moral union of intelligent beings has three essential elements to achieve this goal:
>
> 1. Common purpose toward an end known to and wanted by all;
> 2. Common willingness to achieve this end;
> 3. Co-ordination in the means leading to this end, and thence the necessity of one common authority.
>
> Relationship between the members of the social body as such is determined by the purpose of the society and ordered by it. That group of men or intelligent beings is therefore a social fact consisting essentially in the behaviour of its members.
>
> Hence the necessity of complying with principles, practices, moral or legal rules.

These rules, Mr. Speaker, must be followed and respected by all, without exception, failing which sanctions must be taken according to the gravity of the offence against society, but it is not enough to act severely, we must get at the crime, at its roots by improving our methods of crime prevention, detection and prosecution.

Let there first be an end to murder and then capital punishment will no longer be necessary.

Mr. Antonio Yanakis (Berthier-Maskinongé-Delanaudière): Mr. Speaker, I should like to make a modest contribution on the motion now before the house as to whether the death penalty, as provided for in the Criminal Code, must be abolished altogether or whether it should be retained.

This question has a high degree of interest for public opinion and is not only controversial, but gives rise to very subjective stands. I am pleased to find that parliament agrees to settle this vital question through a free vote, one which is not subject to party discipline, for it is very binding on each member's conscience.

Mr. Speaker, what are the arguments put forward by the abolitionists? That it is morally wrong for the state, or for a person, to take a human life, in contravention with the Christian principles and human and social rules characteristic of a modern society. That it is a barbaric and outmoded punishment which is not consistent anymore with our modern ethics or philosophy, and most of the civilized countries have successfully abolished it. That the death penalty is but the expression of revenge by society against a murderer, and undesirable.

It is asserted also that capital punishment is not an effective deterrent. It does not have any special deterrent effect as would imprisonment. A great proportion of murders are committed in anger, and then, the consequences have no deterrent effect. On the other hand, whoever plans to escape justice is not influenced by capital punishment. Only the normal, law-abiding citizen could control his impulses when considering the punishment and at any rate, he would not commit murder. The certainty of being discovered and caught has a most effective deterrent effect, and the study of behaviour supports this argument.

It is maintained that a large proportion of murderers are not fully responsible for their actions and that the threat of this or that punishment would therefore not stop them.

That, Mr. Speaker, is a brief summary of the various arguments put forward by the supporters of the abolition of capital punishment.

I have no intention to extend my speech unduly, but I should like to refute those few considerations, and draw from them some conclusions.

The nature of the problem encourages those in favour of abolition to express their opinion openly and dissuades those in favour of its retention from doing the same, because they are afraid to be considered as inhuman or even worse. To justify their stand, those in favour of abolition should demonstrate that capital punishment has proven to be a failure and that it is totally undesirable.

[Mr. Yanakis.]

One cannot measure precisely the deterrence of this punishment, but for lack of proof to the contrary, one must admit that capital punishment is a deterrent and, if one is opposed to that punishment, reasons other than lack of deterrence must be invoked. The fact is that we can never know how many people are dissuaded from crime by the threat of punishment, either capital punishment or any other. Since gratuitous murder is extremely bad from a moral viewpoint, punishment must remain severe in order to demonstrate the capital offence it represents against society. Otherwise, the eventual murderer will very likely assume that society does not consider such a crime as one of the most repulsive. Those in favour of the abolition of capital punishment are concerned with saving the life of the murderers and also with the possible result of leading to brutality which executions might have on the people in general. But most, if not all, abolitionists would retain capital punishment if they were convinced it would spare innocent lives. Most feel they would not be justified to endanger the life of one citizen. At a time when the state is losing ground in its fight against crime, we should be more concerned about protecting society than criminals.

Mr. Speaker, let us look at what is going on around us in our respective areas, how many crimes are committed: bank robberies or other robberies, armed robberies, breaking into homes where residents are beaten to death for money alleged to be hidden, rape of young children, indecent assaults, etc.

To conclude, Mr. Speaker, I feel it would be tragic if capital punishment were abolished to be replaced by life sentence, when we know that our penal and rehabilitation institutions are not now provided with adequate personnel to face the many problems that will arise.

The time has not yet come to abolish capital punishment. Why should we show excessive zeal when our neighbour to the south, one of the most progressive, the most powerful and the most democratic country in the world, has deemed it wiser to maintain the death penalty in 42 of the 48 states, including all the major states except Michigan.

The Association of Canadian Police Chiefs, in their letter to us, say that it is most concerned over what it calls the contempt that is being shown nowadays for the law of the land. It states that the customary procedure of the government of Canada since 1957

of showing clemency for dangerous criminals by commuting death sentences to so-called life imprisonment has largely contributed to the present sad state of affairs.

• (5:30 p.m.)

The association is, moreover, definitely convinced that the death penalty is the surest protection police have against dangerous criminals.

I think the time is ill-chosen to submit the question of death penalty to parliament, particularly in view of the great mobility of the population, the urbanization of rural centres and the inflow, where control is probably not fool-proof, of undesirable immigrants who think our country is an ideal place for crimes and gangsterism.

We must support our police forces. They are our advance guard against crime and, through their association, they are asking that capital punishment be retained; their morale would be seriously affected if we did otherwise.

I have here some figures for six of the largest states taken from reports of the F.B.I. of the U.S. Department of Justice for the years 1949, 1950, 1951 and 1953, in answer to those who maintain that criminal statistics, in the end, prove nothing for or against capital punishment as a deterrent to murder. Those figures show that in five states that have retained the death penalty the rate per 100,000 population is lower than in Michigan, where it was abolished. The most striking example is that of Massachusetts where, with a population of 3,729,795, including Boston, the rate is 1.3 per 100,000, compared to 4.5 in Michigan, the population of which is 3,850,500. Even in a state as large as that of New York, where the population is 11,665,437, the rate of 3.1 is lower than that of Michigan.

Here are more figures:

State	Population	Rate per 100,000	Number of murders 1949-53	
Michigan	3,850,500	4.5	806	(no penalty)
Massachussets	3,729,795	1.3	187	(with penalty)
Pennsylvania	5,699,131	1.7	717	"
New York	11,665,437	3.1	1,820	"
California	6,666,927	3.5	1,154	"
Ohio	4,924,372	4.2	1,055	"

Mr. Speaker, in the light of those few considerations and in view of those facts, I find myself unable to support the abolition of capital punishment. However, I would make a distinction between capital murder and non-capital murder. When homicide is committed without premeditation, in a fit of anger caused by sudden provocation, the accused should be recommended to the mercy of the judge or the jury. This should also be the case for those less than 21 years old.

The others, the hardened criminals, are a danger to society and their deliberate actions should be punished by death, which is just punishment for the vilest of crimes and which alone may atone for an unforgiveable crime.

That, Mr. Speaker, is the humble contribution I wanted to make to this debate in accordance with my conscience and for the welfare and security of society.

[*English*]

Mr. Robert Simpson (Churchill): Mr. Speaker, I have listened with a great deal of interest to this debate and I must say there have been some extremely informative speeches. Both the supporters of abolition and the supporters of retention have presented their cases in a very capable manner.

I do not intend to take much of the time of the house. However, I feel that we as representatives of the people are obliged not only to stand up and be counted on issues which come before us but whenever possible to explain why we take the stand we do. I know all hon. members realize that the subject matter of this resolution is extremely important, and it has been mentioned many times that each individual member is facing a difficult decision.

Most of the points pro and con have been brought to the attention of the house and I do not believe there is much new ground to be developed. Both retentionists and abolitionists have presented statistics to endeavour to prove their case. Other hon. members have quite openly stated that no amount of statistics can prove the case one way or the other. Therefore it is my belief that each of us must make his or her own decision.

I must say at this time that I have come to the conclusion that I must vote against the motion before us and I wish to state my reasons briefly. But before doing so I wish to say I listened with a great deal of interest to the hon. member for Parry Sound-Muskoka (Mr. Aiken) who pointed out so clearly that, despite a widespread interest in what the House of Commons is occupied with, we are not deciding anything other than establishing the opinions of hon. members on capital punishment. It is my feeling that this opinion poll may result in a very narrow decision but

it also could be a decision by an overwhelming majority. Any further action would then be the responsibility of the government, but we have no assurance that the government will bring in any of the suggested amendments.

Should the government decide to introduce legislation to amend the Criminal Code as the result of what is now considered a free vote, the house could then be faced with a vote on this subject according to party lines. This brings me to my second reason for supporting retention of the present law.

I feel and have felt for many years that when we as parliamentarians discuss the subject of abolition of capital punishment we are putting the cart before the horse. On many occasions I have said that the parole laws of our country should be amended first. This resolution says that we can amend them at the same time as we amend the law respecting murder, which somehow suggests it would be a routine matter. If it is just a routine matter let us do it first and see how it works out.

I am fully convinced that most of the retentionists and probably all the abolitionists strongly feel that our parole laws should be amended and therefore I ask, why have we not done this job? If this debate is going to prove anything it is the fact that our parole laws need amendment, and after the amended laws have been given a reasonable trial we may find that more hon. members may wish to support the abolition of the death penalty.

There are two other reasons why I intend to vote against the motion. I believe the law as it now stands, wherein capital and non-capital murder are clearly defined, is as close to satisfactory as we can make it considering our parole regulations. Second, I am one of those who feel that the penalty of death is a deterrent and as such gives some measure of protection to our law enforcement officers and to society in general.

[*Translation*]

Mr. Raynald Guay (Lévis): Mr. Speaker, since it is late I shall be very brief.

First, I should like to say that I would have voted for the abolition of capital punishment if, in the first place, Parliament had provided for as long a debate on all the ways and means to ensure real social reform concerning the judicial system, the penitentiaries, the rehabilitation and re-education of those living on the fringe of society.

[Mr. Simpson.]

• (5:40 p.m.)

Second, if parliament had committed itself to amend the Criminal Code, more particularly chapter 217, Prisons and Reformatories Act; chapter 206, Penitentiary Act; chapter 307, Canada Evidence Act; as well as chapter 264, Parole Act and chapter 160, Juvenile Delinquents Act.

Third, if parliament undertook to amend section 660 of the Criminal Code with regard to habitual criminals, because I am convinced that if the Criminal Code were amended to read "shall" instead of "may", society would be spared many murders.

As an example, I should like to quote from a talk given by Mr. J. P. Gilbert, police director of the city of Montreal, before the Ste. Marie alumni association. I quote:

> To give a concrete illustration of the problem of habitual criminals, I wanted to quote figures, he said. I have examined the record of every individual involved in murder cases in Montreal, during the last fifteen months, a total of 30 individuals involved in some 20 murder cases.
>
> I had taken from the record what is called the "tally sheet" of these people. This sheet shows in chronological order, the offences committed since age 18. The number of offences on the sheet varies according to each individual from a minimum of four offences to a maximum of 46, the last noted being a charge of murder, some sort of crowning glory for their career.
>
> Those thirty persons have a total of 359 offences charged against them.
>
> Each tally sheet was examined and a line drawn at the exact point where the criminal careers of those individuals should have ended, because they became habitual criminals under the law.
>
> Now, and that is the most important thing, if at the proper time we had put an end to the criminal activities of those people through preventive detention, and if they had been given an indeterminate sentence, we would most likely have prevented, not only 20 murders, but also 16 robberies and 219 criminal and other offences, for a total of 255 offences.
>
> The legislator has provided for the use of an indeterminate sentence in the very case we are dealing with.
>
> It is our responsibility to make sure, in the best interests of society, that the law becomes operative. It is with a view to social protection, not for a purely vengeful purpose, that the Montreal police department intends to bring before the courts in the near future all individuals who, under the act, are habitual criminals. It is in the light of this and for the same reason that we are looking forward to obtaining the support of all parts of this society which it is our duty to protect.

In the fourth place, I would vote for abolition of capital punishment if I were given the assurance that the accused persons shall be given an equal chance. The crown should try to get to the truth much more than to have a man convicted, as may happen in some cases.

For this, I suggest that the crown make available to the defence free of charge, instruments at his own disposal, that is detectives, investigators, experts in various fields.

In the fifth place, if we could provide our society with true and efficient means of rehabilitation, especially for the prevention of crime, this would mean that we should set up throughout our country re-education programs teaching what is right. Hon. Cyrille Vaillancourt stated recently in this connection:

> What is the use of re-educating those who live on the fringe of society if, on the other hand, they are taught evil.

"In conscience," say the abolitionists. As far as I am concerned, my conscience tells me that the first thing that should be of concern to me, for the time being, as representative of the riding of Levis, is that I have to do my duty to the best of my knowledge and according to the mandate given to me.

Hence, I shall say that if there were judicial errors, as has been argued many times, but this has never been proved—

Mr. Speaker: Order. It being 5:45 p.m., it is my duty, pursuant to standing order 56 (4d) to interrupt the proceedings and forthwith put the question on any amendment before the house.

[*English*]

Order. It being 5.45 p.m. it is my duty, pursuant to special order made on Thursday, March 31, 1966, to interrupt these proceedings and put forthwith the question on the amendment now before the house. Is the house ready for the question?

The house divided on the amendment (Mr. Macdonald, Rosedale) which was negatived on the following division:

• (5:50 p.m.)

Divisions

YEAS

Messrs:

Allmand
Andras
Asselin (Richmond-Wolfe)
Badanai
Baldwin
Ballard
Barnett
Basford
Batten
Beer
Bell (Carleton)
Berger
Blouin
Boulanger
Brand
Brewin
Brown
Byrne
Cameron (High Park)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Carter
Cashin
Chrétien
Clancy
Coté (Longueuil)
Davis
Diefenbaker
Dinsdale
Douglas
Drury
Dubé
Enns
Fairweather
Faulkner
Favreau
Fawcett
Forrestall
Foy
Gendron
Gilbert
Goyer
Grafftey
Granger
Gray
Greene
Haidasz
Harley
Hellyer
Herridge
Hopkins
Howard
Howe (Hamilton South)
Hymmen
Klein
Knowles
Lamontagne
Legault
Lewis
Macaluso
MacDonald (Prince)
Macdonald (Rosedale)
MacEachen
MacInnis (Mrs.) (Vancouver-Kingsway)
Mackasey
McCutcheon
McIlraith
McKinley
McNulty
Marchand
Martin (Essex East)
Martin (Timmins)
Mather
Matheson
Munro
Nasserden
Neveu
Nicholson
Nugent
Olson
Orange
Orlikow
Otto
Pearson
Pelletier
Pennell
Pepin
Peters
Pickersgill
Prittie
Prud'homme
Rapp
Rideout (Mrs.)
Roxburgh
Saltsman
Sauvé
Schreyer
Scott (Danforth)
Sharp
Sherman
Stafford
Stanbury
Stewart
Tardif
Teillet
Tolmie
Tremblay
Trudeau
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Winch
Winters—113.

NAYS

Messrs:

Addison
Aiken
Alkenbrack
Allard
Asselin (Charlevoix)
Beaulieu
Béchard
Bell (Saint John-Albert)
Bigg
Bower
Cadieu (Meadow Lake)
Cadieux (Terrebonne)
Cantin
Caouette
Cardin
Caron
Chatterton
Choquette
Churchill
Clermont
Coates
Code
Comtois
Côté (Dorchester)
Cowan
Crossman
Crouse
Danforth
Deachman
Dionne
Duquet
Émard
Éthier
Fane
Flemming
Forbes
Forest
Fulton
Gauthier
Godin
Grégoire
Grills
Groos
Guay
Gundlock
Habel
Hales
Hamilton
Harkness
Hees
Horner (Acadia)
Horner (Jasper-Edson)

Horner (The Battlefords)	Muir (Cape Breton North and Victoria)
Howe (Wellington-Huron)	Muir (Lisgar)
Irvine	Nesbitt
Isabelle	Nielsen
Johnston	Noble
Keays	Nowlan
Kennedy	Ormiston
Kindt	Pascoe
Korchinski	Patterson
Lachance	Pilon
Laflamme	Pugh
Laing	Régimbal
LaMarsh (Miss)	Ricard
Lambert	Richard
Langlois (Chicoutimi)	Rinfret
Langlois (Mégantic)	Robichaud
Laniel	Rochon
Laprise	Rock
Latulippe	Ryan
Laverdière	Rynard
Leblanc (Laurier)	Scott (Victoria (Ont.))
LeBlanc (Rimouski)	Simard
Leboe	Simpson
Lefebvre	Skoreyko
Lessard	Smallwood
Lind	Smith
Loiselle	Southam
Loney	Starr
MacEwan	Stefanson
MacLean (Queens)	Thomas (Maisonneuve-Rosemont)
Macquarrie	Thomas (Middlesex West)
MacRae	Thompson
McCleave	Tucker
McIntosh	Turner
McLelland	Valade
McQuaid	Vincent
Mandziuk	Wadds (Mrs.)
Matte	Watson (Assiniboia)
Mongrain	Webb
Monteith	Whelan
Moore	Winkler
More	Woolliams
Morison	Yanakis—138.

• (6:20 p.m.)

Mr. Speaker: I declare the amendment lost.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Danforth (Mr. Scott), Housing—consideration of Royal Commission on Urbanization; the hon. member for Brandon-Souris (Mr. Dinsdale), technical and vocational training—request for subsidization of teacher training program;

[*Translation*]

the hon. member for Nicolet-Yamaska (Mr. Vincent): Agriculture—eggs—Frequency of deficiency payments.

[Mr. Speaker.]

[*English*]

CRIMINAL CODE

PROPOSED AMENDMENT REGARDING CAPITAL PUNISHMENT

The house resumed consideration of the motion of Messrs. Byrne, Nugent, Scott (Danforth) and Stanbury:

Resolved, that it is expedient to introduce a measure to amend the Criminal Code for the purpose of

(a) abolishing the death penalty in respect of all offences under that act;

(b) substituting a mandatory sentence of life imprisonment in those cases where the death penalty is now mandatory; and

(c) providing that no person upon whom a mandatory sentence of life imprisonment is imposed shall be released from imprisonment without the prior approval of the Governor in Council.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the speeches we have heard in this debate have been of a uniformly high order and have shown a great deal of thought on the part of hon. members. One could single out any number of speeches touching on both sides of the question for particular mention. I think of the very good speech made by the hon. member for Hochelaga (Mr. Pelletier). I did not agree with him but it was an exceedingly well prepared and well thought out speech. The hon. member for Prince (Mr. MacDonald) also made a very eloquent plea. I did not agree with him either but I think he gave a particularly fine demonstration of spontaneous speaking in the house. We also heard from, among others, the hon. member for Queens, and this afternoon the hon. member for Winnipeg South Centre (Mr. Churchill) spoke. Those are the ones I remember but perhaps it is invidious of me to mention them because I am sure I have missed some very good ones.

I had hoped to rise earlier this afternoon to indicate that I was opposed to the amendment and rise now to indicate that I am also opposed to the motion. I do not think that I am going to bring to the attention of hon. members any new argument one way or the other but I do feel, like all other hon. members, that this question is one which affects us personally. It is not one which was a matter of electoral campaigning. It is not a matter of political partisanship or party platform, and thank goodness it is not. Therefore one must explain one's view to one's constituents.

Right from the outset I would want to reject any impatience that has been shown by certain editorial writers or by some speakers

in the house who, either because they have written articles or have spoken in the house and come to their own conclusion, feel that this debate should now end, particularly if other speakers in this house want to express a view which is contrary to the decision arrived at by these editorial writers or other speakers in the house. I can only classify that as some form of intellectual or moral arrogance and frankly it is more to be pitied than criticized.

I said, Mr. Speaker, that I am against the resolution as I was against the amendment. Like my colleague, the hon. member for Kamloops (Mr. Fulton), and others I feel that the burden of proof in effecting a change in the law is upon those who seek to change the law. This may be my feeling as a lawyer, Mr. Speaker, and I confess that so far their arguments have not been compelling enough to effect a change in the law as it now stands in the statutes.

I know that everyone has expressed his views bona fide one way or the other. I have a folder full of letters and petitions on both sides of the question. I would thank the people in my constituency and those elsewhere who have written me on the subject, and I am only sorry that I cannot agree with them all. But they have written to me according to their conscience, and I am speaking and voting today, I hope, according to my conscience.

I do not think that at this time there is any purpose in canvassing the argument whether or not capital punishment is a deterrent. However, the argument usually made to us to indicate that capital punishment is not a deterrent is that those people who have been apprehended and sentenced to death and questioned on the subject have said that it was no deterrent to them. But, Mr. Speaker, as indicated earlier this afternoon, there may be hundreds and thousands of men and women in this country who have been deterred. These people do not appear in any statistics. In the same way there may be thousands of men who have been deterred from committing armed robbery or any other form of crime simply because there is a punishment for that crime. If I may say so, I think the argument that capital punishment is not a deterrent puts in doubt the whole theory of punishment because it applies merely to what you might call the peak and not to the whole slope of the theory of punishment.

• (6:30 p.m.)

When we get to the very bottom of the slope we may look at the three or four-year old who will not raid the cookie barrel or the jam pot because he knows that if he does so without permission his little backside will be warmed or he will be slapped on the hand. That deterrent fear is fundamental to the theory of punishment and in my example we see it at its most elementary stage. I know that some people think it is wrong to punish three and four-year olds because this might create repressions in the child I will leave those people to their own opinions. In any event, that is my comment with regard to the theory of capital punishment not being a deterrent.

I must also pay attention to the views of the people who are charged in this country with the protection of society and the enforcement of the law. I disagree with some of them on many things at times but in this regard I pay attention to them. Our police forces have had far more experience than many of us in dealing with that segment of society which unfortunately runs afoul of the law.

Also, when we cast aside entirely the opinions of the Attorneys General of this country and the opinions of their officials who have the responsibility for administering criminal law, we are arrogating unto ourselves some sort of exclusive preserve with regard to the theory of the definition of the law of punishment or of criminal law in this country. We know that the majority of Attorneys General in this country have pronounced themselves in favour of retaining capital punishment. Their views are not to be cast aside and denigrated. The Attorneys General and their staffs are part of the lawmaking process and they have their right to opinions about capital punishment.

Another reason, Mr. Speaker, why I should not like to see capital punishment abolished is, frankly, that the abolition of the death penalty would reduce murder to the level of many lesser crimes in the mind of society. Let us look briefly at some crimes for which life imprisonment is the maximum sentence and for which crimes life sentences have been given. Those crimes include rape, abortion, robbery with violence, and treason which is punishable not only with life imprisonment but in the alternative with death. A habitual criminal who has been found guilty of at least three indictable offences may also be sentenced to life imprisonment. Is it intended to bring murder down to this more prosaic level? Murder is the most abominable crime against a human being. After all, we as

humans have an inalienable right not to be deprived unlawfully of our lives.

May I quote briefly from the White Paper on capital punishment prepared by the Department of Justice. I quote a passage taken from the report of United Kingdom royal commission which sat from 1959 to 1963. As found on page 2 of this pamphlet it reads:

—We think it is reasonable to suppose that the deterrent force of capital punishment operates not only by affecting the conscious thoughts of individuals tempted to commit murder, but also by building up in the community, over a long period of time, a deep feeling of peculiar abhorrence for the crime of murder. "The fact that men are hung for murder is one great reason why murder is considered so dreadful a crime." This widely diffused effect on the moral consciousness of society is impossible to assess, but it must be at least as important as any direct part which the death penalty may play as a deterrent in the calculations of potential murderers. It is likely to be specially potent in this country, where the punishment for lesser offences is much more lenient than in many other countries, and the death penalty stands out in the sharper contrast.

I suggest, Mr. Speaker, that what was applicable to Great Britain in 1963 is today equally applicable to Canada.

May I now state my last reason why I would vote against the motion. I particularly refer to paragraph 3 thereof. It is my feeling that over a period of years the executive has improperly usurped power by setting itself up as a sort of super grand jury to examine every death sentence. These examinations are held under varying conditions. Cabinet may be dominated by two or three strongminded individuals whose personal views on capital punishment then become, by an indirect process, the law of the land. We do not know what quorums attend cabinet meetings, we do not know what members attend, we do not know what forms of pressure, political and otherwise, are going on in cabinet under certain conditions. These things are all in my mind. No reasons are ever published why a death sentence was or was not carried out.

However, by being critical of what is being done by the executive I do not subscribe to the view that this argument should be used against the retention of capital punishment. Let me say, Mr. Speaker, that I find it exceedingly strange that the present cabinet, without the sanction of the electorate, without the sanction of parliament, has by its own actions deformed the law. That law was passed by parliament which has the supreme authority to do so. It was not passed by cabinet, because parliament has supreme authority in this country. Cabinet has deformed by its actions the law which a good number of those present in the house passed when the Criminal Code was amended in 1961 to create two classes of murder, capital and non-capital.

My criticism of this wholesale intrusion by cabinet into the carrying out of the death penalty as laid down by law and with the safeguards now provided is that it is wrong. Except in exceptional cases where there may have been a recommendation for clemency, cabinet intrusion has been wrong.

I think that the provision in paragraph (c) of the resolution that parole from a life sentence shall be subject to review by cabinet is wrong. I put it to you, Mr. Speaker, that every stricture I have made against cabinet action regarding interference with the death penalty is applicable also to parole.

• (6:40 p.m.)

Political pressures can be very prevalent. I know this has happened. The position would not be made public. Who can appear before cabinet to make representations? It is the rights of individuals that are being made the subject of secretive consideration and decision.

I would much prefer that we have a parole board of experts charged with the authority for release from a life sentence. In the same way the carrying out of the death penalty should be on the recommendation of the equivalent of the Home Secretary, the Solicitor General, let us say, who with his staff would make the review, and unless there were extraordinary circumstances there should not be interference by individual members of the cabinet with respect to the decision.

In conclusion may I say that I think the law as amended in 1961 should be given a much fairer trial. It had only two years of application before *de facto* the death penalty was abolished by what I say was an improper action of the executive in deforming the law, perhaps not the letter of the law but certainly the spirit of the law, without any sanction from parliament.

This sanction from parliament, this law and these amendments we are considering must also be considered by the other place which is also part of parliament and whose views in this regard must also be consulted. Therefore I would urge hon. members to reject the resolution.

Mr. Matheson: May I ask the hon. member how he explains that the former administration on 24 occasions commuted death to life

imprisonment without recommendation of either judge or jury while the present administration did so in only 6 cases? If he has criticisms, would they not apply much more forcefully to the previous administration?

Mr. Lambert: Without being partisan may I say that the hon. gentleman is a little touchy because my strictures did not refer to any particular administration except that I said this administration had *de facto* abolished capital punishment. Under the previous administration there was capital punishment but it was restricted from what it was prior to 1961 because prior to 1961 you could have had a case like Truscott which could not arise under the law today. On this point I say that if the cap fits it may be put on. I am speaking personally. I am expressing my own views and I am not putting any partisan tag on any of my strictures.

Mr. M. L. Klein (Cartier): Mr. Speaker, I rise in support of the resolution because one of the experiences that has agonized me throughout the years is the fact that the most serious crime in the Criminal Code of this country requires the least proof for conviction. In fact, more positive proof is required to obtain conviction of a person who might go into a five cent to a dollar store and pick a dollar item off the counter. The proof necessary to convict would have to be positive in that case whereas in the case of murder, which seldom has witnesses, we proceed by making proof through circumstantial evidence.

Notwithstanding the fact that I favour the abolition of capital punishment I would make a distinction in the case of policemen and prison guards. I would reconcile that with the theory that when I am asleep in my bed at night and a policeman is on his beat protecting me and exposing his life to danger who feels he needs the protection of the deterrent of capital punishment, I think I owe him the protection that he feels he needs in order to protect me. I would also make that distinction with respect to prison guards because if a convicted murderer is condemned to prison for life and then kills a prison guard he will have committed a second murder for which there is no punishment.

The hon. member for Kamloops (Mr. Fulton) said that we also have to examine the question of the definition of insanity. I agree with that but we also have to go into the question of how confessions are obtained. It is all very well for us to say in criticism of confessions obtained in the Soviet Union that they are the result of brainwashing whereas confessions obtained in Canada are quite all right. In this connection there are many avenues of the Criminal Code that we should consider in a civilized society.

One of the most abnormal things we do under our code is to charge a man who has attempted suicide with a criminal offence. I think it is wrong to take a person who is addicted to opium and throw him in a penitentiary, because he is obviously sick just as the person who attempts suicide is obviously sick.

It has been said that capital punishment should be retained for fiendish crimes. I would say that the more sadistic the crime the less responsible is the person who perpetrates it because that person is obviously sick. When I support abolishing capital punishment it is not because I want to do it for the sake of the person who has committed murder but rather for the purpose of raising the level of our own civilization because if capital punishment is not abolished today in Canada it will be abolished at some time in the future.

Recently I received a pamphlet circulated by the Communist Party of Canada which through a press release has asked the public and members of parliament to support the abolition of capital punishment. I would say to the Communist Party of Canada that I am supporting the abolition of capital punishment, but I would ask them to print 200 million copies of their pamphlet and distribute them in the Soviet Union where the authorities are still executing people for economic crimes.

• (6:50 p.m.)

The other day I saw, as did many hon. members, an execution that took place in full view of the public in Saigon. It was for an economic crime and it was a revolting sight. It did not act as a deterrent in Saigon, because the people of Saigon have revolted against the sight of this execution and now have demanded that the military government of South Viet Nam be replaced by a civilian government.

I do not advocate it, Mr. Speaker, but it would be interesting to speak about the manner in which the Bible has been brought into the question of whether we should retain or abolish capital punishment. It would be interesting—and again I am not advocating it—if back to back with the debate we are now having on the abolition of capital punishment

we had a debate on euthanasia. If that were to occur we would have the retentionists going to the abolitionists and saying "Lend me your notes because tomorrow I am speaking on euthanasia", and the abolitionists would be going to the retentionists and saying, "Give me your notes because tomorrow I am speaking on euthanasia".

I am not going to quote Biblical texts, but if I were to quote Biblical texts it would seem to me that the one instance in which God sat as the judge in Biblical history and heard the case of the first murderer he called the accused before him, sat as the judge, heard the case and condemned the accused, but he did not condemn him to execution. He condemned him to what Cain described as punishment greater than he could bear.

Finally, Mr. Speaker, I wish to ask—when I am speaking in this manner it is a question of one civilization versus another—what kind of a civilization do we want to live in? I am convinced that the rehabilitation of criminals will not be brought about through psychiatry. Incidentally, I feel that psychiatry has failed in rehabilitation, one field in which it could have shown its worth. I do not believe rehabilitation lies in psychiatry. I do not believe it lies in sociology or in the probation officer. I think it lies in chemistry. In the future we will treat a criminal as we treat a person today who has diabetes. The chemical imbalance which exists in the criminal and which makes him a Mr. Hyde instead of a Dr. Jekyll will be found.

I should like to quote an article which appeared in *Time* magazine, the issue of February 25, 1966. It reads as follows:

> In general, drug control of personality will be widely accepted well before the year 2000. If a wife or husband seems to be unusually grouchy on a given evening, says Rand's Olaf Helmer, a spouse will be able to pop down to the corner drugstore, buy some anti-grouch pills, and slip them into the coffee. Or a lackadaisical person could be dosed into a sense of ambition. Electrical stimulus of brain areas has been shown to produce responses of fear, affection, laughter or sex arousal; such techniques, says Yale's Dr. José Delgado, "will certainly increase man's ability to influence the behavior of man".

If this be true, if it is only a matter of chemistry, then it indicates how uncivilized we are in this century to continue with the death penalty.

So, Mr. Speaker, with the exposé I have made I should like to move an amendment, seconded by the hon. member for Québec-Montmorency (Mr. Laflamme), which is in line with the type of amendment he moved. It reads as follows:

> That the motion be amended
>
> (1) by adding to paragraph (a) of the motion the words "except the capital murder of a police officer, prison guard or other person as described in subparagraph (i) or (ii) of paragraph (c) of subsection (2) of section 202A of the Criminal Code"; and
>
> (2) by adding to paragraph (b) of the motion the words "except in the case of the capital murder of a police officer, prison guard or other person as described in subparagraph (i) or (ii) of paragraph (c) of subsection (2) of section 202A of the Code"; and
>
> (3) by inserting in paragraph (c) of the motion immediately after the word "imposed", the words "or in respect of whom a sentence of death is commuted".

In conclusion I should like to say that the history of man has been a history of killing, but perhaps if we abolish capital punishment and every country in the world abolishes capital punishment wars in the future will be averted.

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, we have listened to some very fine speeches in the house on the pros and cons of capital punishment. Members have spoken with sincerity on both sides of the question. Sincere men can look at the same problem and have different answers. I did not support the five-year plan simply because we would have little if any more information than we should have today after four years of abolition. We do not have the personnel in psychiatry or in psychology to carry on in depth the studies required. Considering that in this country we have had four years when no one has been hanged and considering that only a five-year period was sought, I could not in all conscience vote for that type of resolution.

If the main resolution carries the government will have to present a bill in the house. I hope that at that stage it will be referred to a committee where witnesses can be called and where first-hand information can be obtained from those dealing with murderers. I mean psychiatrists whose practices have involved this type of prisoner over the last ten years, psychologists who have studied these prisoners, some of the penal officials who deal daily with those who have committed murders, and some police officers who are concerned with law enforcement and crime.

• (7:00 p.m.)

We could also receive first-hand opinions from members of the John Howard Society, which has such a great reputation for working over the years in the interest of criminals,

in an attempt to rehabilitate them. Perhaps we should also hear the opinions of parole officers who work daily with these people, and police officers who have handled them over the years. Finally, perhaps we should hear information and opinions from penal officials who have worked with these people in these institutions and know of their shortcomings and good points. It is only by this method that we can decide fairly and honestly how to deal with the situation.

It seems to me that we are considering this whole situation from the wrong end of the scale. We should go back in case histories and find out why these people become murderers. We must go back and study the lives of the boys and girls in Canada who, after 15 or 20 years, commit murder. This is the target at which we should direct our sights. If we can prevent crime we will not have murder, and there will be no need for debates such as the kind in which we are now involved. In other areas we use preventatives rather than curatives, and I suggest this is the answer to the present problem.

At this time I should like to refer to certain figures regarding the number of individuals paroled. I think the average runs in the neighbourhood of 60 per cent, of whom approximately 95 per cent require some kind of supervision. I believe 50 per cent of those either requiring a little or a lot of supervision eventually return to prison. Mr. Speaker, I note that the hon. member for Leeds (Mr. Matheson) is shaking his head. If he has anything to tell the house I should like him to do so because the figures I have cited are those I have taken from medical records and journals available to me.

It is interesting to note that in Canada we have on the average one parole officer for every 60 parolees. This figure is very poor when compared to the comparable figure in countries which have studied this whole problem and have obtained the best results. On the average they have one parole officer for every 25 parolees.

I suggest there is no value in a five-year trial period because we cannot in that time train the number of psychiatrists and other personnel necessary to a successful evaluation of the rehabilitative program in that period of time. If we do away with capital punishment we will be faced with one of two facts. We will either have our penitentiaries inhabited by people who have been sentenced to life imprisonment or we will have to develop successful rehabilitation measures.

One might be led to believe by the motion now before us that individuals convicted of murder would be kept in prison for a considerable period of time, until pardoned by the cabinet. However, if one considers the recard of the last four years he will realize that the cabinet will parole them all. It would be far more cruel to incarcerate an individual for the rest of his life than it would be quietly to put him out of the way. If we put these people in a prison for the rest of their lives and wash our hands of them they will gradually deteriorate in mind and body. I am sure if hon. members had an opportunity to talk to some of these people they would soon learn that fact.

Has our science of analysis and assessment reached a point that we can honestly decide which convicted murderers can be rehabilitated and safely put back into society? One need only refer to the records to come to the conclusion that we have not reached that point. I know of one particular case where a psychiatrist let a man out of the penitentiary on his belief that the prisoner had been rehabilitated and would become a good useful citizen. Within a year of his release he murdered four young boys.

These are the shocking things that one must consider in deciding in good conscience what should be done. We are unable to decide without doubt whether or not an individual who is allowed out of prison on parole is going to commit another crime. I remember the case of an individual who escaped from penitentiary. He had been confined there as a result of a conviction for armed robbery. He was recaptured, returned to the prison and considered to be one of the worst prisoners in that penitentiary. At one point he was confined to the black hole. After a period of time the people responsible considered that he had been rehabilitated. In passing perhaps I should state that this man moved step by step from being considered the worst criminal in the penitentiary to one having the highest position of trust, meriting permission to work in the library. Everyone agreed that he had been completely rehabilitated and should be released. The psychiatrist, his pastor and jail officials all believed this to be the fact. His case was presented to parliament through a petition and he was eventually released.

Following this man's release he travelled around the country addressing service and boys' clubs, giving them very good advice. It was strange, however, that within six months of his release a series of crimes occurred

throughout central Ontario. Eventually this man was caught in the act of robbing a liquor store in western Ontario and in the attempted capture of him he was shot and killed. It is perhaps interesting to note that the crime wave then ceased.

I have just brought this case to the attention of hon. members as an indication that we cannot know absolutely and as a certainty what is in the mind of a criminal, or what he might do following his release. That is the situation which confronts us at this time.

In Canada today we have over 100,000 prisoners in our jails and penitentiaries, and it is said to cost in the neighbourhood of $20,000 to $25,000 per year to maintain these prisoners and assist in the maintenance of their families, while insuring the enforcement of the law, I suggest that is not an exaggerated figure when one considers the cost of maintaining families and providing police forces across the country. It does not take much of a mathematician to figure out that it costs approximately $2 billion per year as a result of the incarceration of the 100,000 prisoners now in our jails.

At this time we are acutely short of parole officers and psychiatrists. This parliament should begin to consider the major and overall problem of penal reform. We should do something to find out where crime really begins. I mention this with some feeling because we must go back and find out what drives these young people into a life of crime. We should not be using our time to consider hanging, but rather we should be devoting our energy, time and money to research in the field of crime.

In conclusion, it is my earnest belief that we should refer this whole problem to a committee in order that we can obtain the opinion of the experts regarding this whole matter. Having done that, we might be in a position to make an honest decision as to what is best for the individuals who have been unfortunate enough to have committed murder.

• (7:10 p.m.)

Mr. Speaker: The hon. member for Antigonish-Guysborough (Mr. Stewart).

Mr. Valade: I rise on a point of order, Mr. Speaker. I would ask Your Honour whether we are in order in proceeding with the debate, in view of standing order 3 concerning a quorum. I wanted to be fair to hon. members who have something to say in this debate and I think Your Honour should decide whether we should continue or wait until we have a quorum.

Mr. Speaker: My understanding is that there is a quorum in the house. The hon. member for Antigonish-Guysborough.

Mr. J. B. Stewart (Antigonish-Guysborough): Mr. Speaker, I did not speak previously in this debate because I thought that the White Paper prepared by the Department of Justice put before the house in a very satisfactory way the arguments on both sides of this vital question. In addition, those who have spoken, as several hon. members have commented, have approached this difficult question in a serious and earnest manner. In other words, sir, I felt that the arguments which would determine whether I should vote for or against the main motion had been adequately explored.

This evening however something happened. The hon. member for Cartier (Mr. Klein) put before the house a most important amendment. In doing this he was following in the direction set the other evening by the hon. member for Québec-Montmorency (Mr. Laflamme). The hon. member for Québec-Montmorency had the misfortune to discover that his amendment was out of order. This evening the hon. member for Cartier has revived the substance of that amendment in a manner which I assume is in order.

In examining this complicated question of capital punishment, which has excited the earnest consideration of some of the most profound people of our western civilization for the last 200 years, I do not think it is correct to turn to what one might call "principles", in the hope that there one will find adequate guidance for the conclusion one should draw. We do not live in a perfect world; consequently, the principles that we sometimes discuss in an academic way, the principles we find set forth in books on philosophy, do not help us too much when we are confronted with practical situations. Therefore, sir, I do not find the arguments based on "principle" adduced on either side of this question helpful or conclusive.

It seems to me that we have to proceed in a much more pragmatic way. I do not mind telling you, sir, that if I had a plain choice between the retention of capital punishment and its abolition, my judgment would lead me to vote in favour of the abolition of capital punishment. I would be hard put, in defending that judgment, to marshal data or

theoretical argument that would inevitably lead to that conclusion. Similarly, I think if I were arguing for the opposite judgment I would have the same difficulty. I do not believe that data or theoretical argument point to the judgment one ought to make.

In other words, I believe that one makes up one's mind on a question such as this chiefly by turning to all one's past experience, to all the practical cases that one has lived with throughout his life. I am saying that my own experience, such as it is, would lead me to favour the abolition of capital punishment, and I am quite prepared to insist that there are other members in this house whose experience would lead them to a different conclusion. These are the facts of life; and I think we ought to explain how we reach our conclusion in a realistic way and not by disguising our human fallibility behind an insistence that someone has conferred upon us, in this particular matter, principles which are certain and sure. While I am in favour of the abolition of capital punishment, I recognize that there are people who feel very strongly that those people whose task it is to defend our society and state from those who would destroy those institutions, namely those we often call "officers of the peace," ought to be specially protected.

I do not think it is inconsistent with my general inclination toward the abolition of capital punishment to support the amendment that the hon. member for Cartier has put before the house. His amendment is couched in legal language, and I had to turn to the Criminal Code to see what it was all about. I find that section 202A of the Criminal Code provides, in subsection (c), that murder is capital murder in respect of any person who by his own act caused or assisted in causing the death of "a police officer, police constable, constable, sheriff, deputy sheriff, sheriff's officer or other person employed for the preservation and maintenance of the public peace, acting in the course of his duties." It goes on to say that murder is capital murder in the case where a person causes the death of "a warden, deputy warden, instructor, keeper, gaoler, guard or other officer or permanent employee of a prison, acting in the course of his duties."

The effect of the amendment proposed by the hon. member for Cartier would be to modify the resolution put before the house so that the penalty for capital murder as now prescribed in the law would continue to apply to cases where individuals killed persons as described in the subsections of section 202A of the Criminal Code which I have just read. It seems to me that to accept this amendment is perfectly logical. I am in favour of the abolition of capital punishment. I realize that my judgment is quite fallible. I realize there are those who feel strongly that capital punishment should be retained for those who kill these classes of persons, and I am prepared to yield to their superior experience in this regard. Consequently, Mr. Speaker, I believe that the amendment submitted by the hon. member for Cartier deserves my support and, I would hope, the support of other hon. members.

• (7:20 p.m.)

[*Translation*]

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, like many hon. members I shall deal only briefly with the question before us, one of the most important that we have to settle.

To this end, I shall avoid the figures of speech used by some of my colleagues in discussing this resolution, so that I may examine the problem with all the possible objectivity.

I shall also stay away from the emotional style, so that emotions will not replace the logic that should guide us when we are trying to determine whether capital punishment should be removed from or retained in our statutes.

Mr. Speaker, in order to determine whether capital punishment should be removed from or retained in our statutes in cases of capital murder, I think one should restrict oneself to the value of the expression "capital murder" or, if you wish, "premeditated murder".

To begin with, let me say that I probably lack the qualifications of a lawyer to deal with this matter, but with all the respect I can feel for members of the legal profession, I suggest it would be advisable to let those who practise law in a professional way assess the value of the resolution.

Mr. Speaker, in my opinion, a premeditated criminal offence is devoid of all passion that could lessen the guilt of the offender. Such an act is committed viciously, in a dastardly fashion, when fully aware of the causes and effects, both for the victim or victims and the culprit or culprits. It is committed either for easy profit or to eliminate a person who might interfere with the illegitimate plans of a murderer.

Faced with such a situation, what is the responsibility and the duty of society toward those who set it up for their own protection?

In my opinion, this is the question which members of the house must answer: What is the responsibility and the duty of society toward those who set it up for their own protection? Responsibility, duty, obligation are imperatives which legitimate authorities must carry out with promptness, firmness and justice.

Promptness must in no way lessen prudence; neither must firmness prevent understanding, nor slackness replace justice. *Dura lex, sed lex* is a saying well known to our lawyers and which expresses very well the heavy responsibliity entrusted to those vested with the duty and the obligation of enforcing the law.

We all realize the great responsibility that rests with us in this debate, that of deciding whether or not we should maintain in our statutes the death penalty for a person guilty of capital murder.

The hon. member for Winnipeg North (Mr. Orlikow) said yesterday something amounting to this: When an execution takes place, we all feel involved. Yes indeed, how could it be otherwise since it rests with us to make the decisions required in the matter of law enforcement and protection of society?

When a soldier, as member of a firing squad, has to shoot point-blank a comrade in arms, does he not feel much more directly involved? Yet, he has to go through with it. It is his duty.

Our society is under the same obligation to do its duty.

To my mind, it is not, as the hon. member for Winnipeg North has said, a question of whether it is right or wrong for us to take a human life but whether the elimination of the author or authors of a capital murder is the only means to ensure the protection we are bound to give society.

Such is the question we must ask of ourselves, and not the question put by the hon. member for Winnipeg North who, to my mind, is defending the objective by which we must be guided in discussing the merits of this resolution.

That, I feel, is the cornerstone of the decision the house is called upon to render.

May I be permitted to quote, as an example, a commentary recently published in *Le Devoir,* by Mr. Claude Wagner, Minister of Justice of the province of Quebec, former judge and a highly reputable lawyer when he was in private practice. Here is what Mr. Wagner said:

> At a time when crime is on the increase and when greater efforts are being made to fight all types of crime, especially organized crime, it is hardly necessary to underline the naïvety that would be shown by the Parliament of Canada should it decide to abolish capital punishment.

Mr. Speaker, if the death penalty is not a preventive, it is undoubtedly the sole protection of the community against repetition of the offence.

He who deprives another of the right to live forfeits himself that right.

At this point, one can rightfully ask questions which we must of necessity answer.

Would the abolition of the death penalty for capital murder give society the protection it is entitled to?

Does our society have means of protection against the murderer as efficient as the death penalty?

Is the sentence of death decreed against the murderer by society to be interpreted as a deterrent or as a vindictive act?

Is the society that frees a murderer more civilized than the one that does away with him?

What is the greatest risk for our society, that of hanging an innocent man by retaining capital punishment or that of endangering the life of honest citizens by abolishing capital punishment?

The first hypothesis is unlikely, since the legal precautions with which the judicial system has been surrounded in the last few years leave very little chance of hanging an innocent man by mistake.

As for the second hypothesis, Mr. Speaker, it will obviously remain as long as we leave potential murderers at liberty.

How many of the abolitionists would be willing to live with a reprieved murderer? The abolitionists might find the answer to this question disappointing.

Why? Because none of the possible volunteers would feel safe and agree to the experiment.

It is up to the authorities to ensure the greatest possible safety for the individual by all the means at their disposal, that is by legislation and its enforcement through delegated authority.

Of course, our society is deficient in its ways of preventing crime. Therefore, we should ask ourselves whether our society is

taking every social, economic and educational step to eliminate as much as possible the causes of crime.

In this respect, we certainly have urgent, imperative and immediate responsibilities.

Murderers do not always come from the poor classes. Some belong to the upper classes of society. But criminals undoubtedly most often spring from among the poverty-stricken.

• (7:30 p.m.)

That is why I deplore the time devoted by the house to the matter of deciding whether or not we should abolish capital punishment, and that a period of time has never been devoted to a substantial debate on the means to fight human destitution in our country.

The pity shown the criminals would be better justified if it were shown the parents of murder victims or the poverty-stricken.

While waiting for this change of objective, it is our duty to point out clearly what primarily is the role of the legally constituted authority in our democratic society.

This role seems clear to me. It consists in giving every honest and law-abiding Canadian citizen the assurance to be able to enjoy fully his right to life, without danger of being deprived of it by anyone.

Those who, by their actions, act contrary to this basic and undeniable premise, must expect society to deal most severely with them.

This protection sometimes, unfortunately, entails the elimination of the guilty person from our society.

That is why I must in my conscience vote for the retention of the death penalty in our statutes, so that society does not consider itself forsaken by those who have been given a mandate to protect it.

Concerning the amendment moved by the member for Rosedale (Mr. Macdonald) and the other moved by the member for Cartier (Mr. Klein), I think the first one changes nothing to the situation now existing in Canada, since the cabinet can, by decision, commute all death sentences handed down.

Concerning the amendment moved by the member for Cartier, I believe it has some merit, but it falls short of what is required, since it seems to be concerned tremendously, and justly so, with the policemen, the person in authority, but very little with the protection of the individual, of society which gave us, as I said a while ago, the mandate to protect it against actions deserving the most rigorous punishment. Let us try, Mr. Speaker, to build a society for law-abiding people, a society in which potential criminals, these parasites of society, will be aware of the consequences of their actions.

Why should legislation announce with fanfare to potential murderers that the Canadian parliament is considering their iniquities and is ready to absolve them at the first opportunity.

I think we must today take an extremely important decision, binding our conscience. I know and I believe that every member will fulfil this responsibility with justice and objectivity, for the good of his fellow citizens and his voters, the taxpayers who send them here to speak on their behalf.

Personally, I take my stand. I am conscious of discharging my duty and reflecting here the opinion of my constituents.

In closing, Mr. Speaker, I should like to make a few suggestions which should be taken into serious consideration by this government.

I suggest that we should revise and put teeth in our legislation against crime in Canada; that we should control more adequately the sale of fire-arms and restrict it to specially authorized organizations.

I believe also that we should spend a lot of time in the house discussing the ways and means of improving the circumstances of human beings in our country and contributing to the rehabilitation of poor families in Canada.

Finally, Mr. Speaker, I agree with those who suggested, in the course of this debate, that a fund should be instituted in order to help the families of murder victims.

I believe that this request, which was made by the Quebec Federation of Municipal Policemen, is worthwhile and that the government should take it into consideration as soon as possible.

Mr. Speaker, I do not know if, in previous discussions, reference was made in the house to a telegram sent by the Quebec Federation of Municipal Policemen, which includes more than 6,000 municipal policemen, in which they asked the government to maintain capital punishment in Canada and institute a special compensation fund to help the dependents of murder victims.

As to the amendment which was before us earlier, regarding a five-year trial period during which capital punishment would be abolished, I must say that it resembles strangely

a suggestion made last year by a Labour member of parliament in Great Britain, Mr. Sydney Silverman who, when lecturing in Canada on a tour at the invitation of a member of the N.D.P. advocated that solution as a substitute or an alternative to the present legislation.

Personally, Mr. Speaker, I intend to vote for the retention of capital punishment, not because I consider that this is a legislation of revenge and prevarication, but because I know that it is the only one we have, at this time, to protect our society against potential criminals and murderers.

[*English*]

Mr. C. R. Granger (Parliamentary Secretary to Minister of Fisheries): Mr. Speaker, in common with all other members of this house I have been giving the matter which is before us this evening a very great deal of serious thought. I have noticed from the speeches to which I have listened and the comments of my colleagues in the House of Commons that everybody has been giving the subject deep and earnest consideration. Personally, I have tried to weigh the relative merits of the arguments which have been made on both sides, arguments which seemed to be so well balanced that one appeared to offset the other, to the extent that it took me some time before I was able to come to a firm decision.

Finally, Mr. Speaker, I did come to a decision. The decision to which I came was that I would have to support the abolition of capital punishment. Granted, there are many factors involved and there are some intangibles for which there is no yardstick. Men of good faith and high principles support both sides; and there is no doubt that the sincerity of the one side, regardless which side it is, is equally matched by the sincerity of the other side.

I reached my conclusion for two particular reasons, among many others, and I should like to deal with them very briefly in a few moments. I do not wish to cover ground that has already been well covered by speakers before me, but I should like to say that it is to be expected that the general character of the people of Canada will be reflected in their laws.

These laws are designed not only to protect society but also to encourage the continuance of the principles which have been an abiding source of strength to all people in our nation.

[Mr. Valade.]

• (7:40 p.m.)

In the present debate arguments are made both for an against retaining capital punishment. Those who support retaining capital punishment and those who support its abolition are both endeavouring to bring in legislation which will be for the the betterment of Canada. I think there is no doubt about their intentions. However I believe that capital punishment ought to be abolished, if for no other reason than that to some extent it is unenforceable. It seems that it is becoming more and more difficult to enforce laws on the statute books that prescribe capital punishment. Where hangings are concerned juries seem to be unwilling to bring in verdicts of guilty. Quite often when a man is sentenced to hang, the verdict is changed to one involving penal servitude.

As things are today a man knows when he commits murder that he has an excellent chance, if caught, of not being executed. Therefore what are the advantages of retaining capital punishment? Under circumstances such as these, any deterrent effect capital punishment has is negated by the fact that the sentence to hang is seldom carried out.

I believe that the value of a deterrent depends largely upon the certainty and swiftness with which justice is dispensed. As things are there can be no certainty that capital punishment will be carried out. It is almost certain that when a man is sentenced to hang there will be interminable delays. As I said, juries seem hesitant to bring in verdicts finding accused persons guilty of capital murder, when they know that the convicted man very likely will hang. As a result there are laws on the statute books which are not enforced. That being the case, I maintain that it is better to rewrite the laws than to have them ignored.

On the other hand if the sentence for capital murder were life imprisonment, in my view juries would not be reluctant to bring in verdicts of guilty. There would be a far greater certainty that a murderer would be found guilty and punished if it were realized that the consequences of murder were certain penal servitude for life. I submit that the real deterrent would be the realization by would-be murderers that the law would be enforced, and enforced swiftly.

Another reason why I think hanging should be abolished is the effect that I think legalized killings or executions have upon the public character. When I talk of this I realize that I am talking of something about which it is impossible to quote statistics. It must be a

matter of opinion, and it must be something for which there can be only a belief. It cannot be substantiated by fact. I agree with the man who said that whenever a criminal dies on the gallows a little part of the nation dies with him. I believe that an execution by the state has a detrimental effect upon the character of the people. I believe it has a detrimantal effect on both the state and the people. Also, I believe every time a man is hanged, the dragon's teeth for future crime are sown. I believe by the very means by which we seek to abolish crime we are in fact sowing the seeds of future crime. I believe it is wrong for the state to take upon itself the prerogative to say that it is permissible to kill in the face of the divine command: Thou shalt not kill.

I believe, too, that it is wrong in this modern age, in a country known for its humanities, for its forward looking social thought and conscience, that we should have today as part of our system of justice an instrument of medieval murder which is comparable with the rack and the thumbscrew. I believe it is time that the people of Canada should banish from this land the shadow of the gibbet.

• (7:50 p.m.)

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I take part in this debate assuredly not because of the enthusiasm the question under study stirs in me. I do so rather out of a sense of duty, and therefore shall do it fairly rapidly. I have risen simply because I owe it to my electors to let them know where I stand with regard to the abolition or retention of capital punishment. Referring to the correspondence exchanged with my electors, it would seem that the question has not aroused their enthusiasm or interest very much. In fact, I have received only four letters from the people I represent in this house. It is interesting to note that, in one of them, one paragraph reads as follows:

—society must absolutely be protected against this wave of the most revolting crimes.

This shows, Mr. Speaker, that in my electors' opinion, retention of the death penalty reflects not a desire for vengeance but rather a means of giving society the protection it needs.

In addition to those written testimonies which I hold in my hand, I discussed the matter with several of my electors who all agreed that society should be properly protected.

Consequently, it will not be news for any of them to learn that I will act according to their wishes and that it will make it a duty to vote in favour of maintaining capital punishment.

During our debate, Mr. Speaker, we have heard the opinions of both sides, the abolitionists as well as the retentionists. I respect those who do not share my opinion and I hope that they, in turn, will respect the opinion of those who do not share theirs.

In the course of our discussion, we had the opportunity of listening to many arguments and, especially of realizing that those who favour the abolition of capital punishment have brushed a very sombre picture of the lot of the murderer who is lead to the gallows. However, I think they forgot to give the complete picture by not referring also to all the inconveniences and harm sustained by those who are related one way or the other to the event, the victim's family.

At this point, I should like to put the following question: What is the result of a murder, when the widow of the man killed must subsequently struggle with all kinds of sad situations? Was there any thought given to the very talented young man, who, for a lack of money to continue his education, must bring it to an abrupt end, thus losing the possible advantages of an enviable and very interesting job which he could have filled in society? And what about the numerous other inconveniences faced by the families of those victims of the deadly bullets of certain people who have lived almost all their lives outside the law.

I think, Mr. Speaker, that it is our responsibility to take the necessary action to protect society. Have those who are in favour of abolition paid enough attention to the fact that by abolishing the death penalty we would give free rein to the traitors who endanger the very security of our society, of our country? What about the leaders of organized crime, the hired killers and, finally, the habitual criminals who would never miss an opportunity to commit other crimes if they could?

Mr. Speaker, I might have given more attention to that motion if the crime rate today was decreasing instead of increasing. I think it would be a serious mistake at this time, and when the number of crimes is forever increasing, to soften the steps taken to eradicate crime in society.

I think it is our duty to keep our eyes open and to give the protection needed. You know as I do that today masked bandits and criminals operate in the remotest regions and commit the most odious crimes in front of people who watch them helplessly. My colleague from Nicolet-Yamaska (Mr. Vincent) told yesterday the story of a tragedy which happened just a few days ago at St. Robert, a very quiet rural community where defenceless people were ill-treated and where crimes which would make your hair stand on end were committed.

Mr. Speaker, I will not say any more but I would like however to be reassured about the steps that will be taken by the government if the abolition of the death penalty is approved tonight and I would also like to know the attitude of the government in case it is maintained.

Personally, I think that with the 1961 amendment it is almost impossible to send an innocent to the gallows. Therefore, I think that by applying the present law, we have the guaranty that everyone gets the proper protection and that, in cases where there is the least doubt, the accused has the possibility of having the facts examined and of claiming his rights fully as provided by the House of Commons and the statutes of Canada.

• (8:00 p.m.)

Mr. Jean-Paul Matte (Champlain): I admit in all sincerity that nobody wants capital punishment to be abolished more than I do, providing there is no one left to deserve it. Let the murderers and gangsters abolish it first, as a retentionist once said.

My colleagues spoke either for or against the death penalty with dignity, conviction and seriousness and they often used arguments or statistics that are open to question. Some indulged in sentimental statements and oratory which, in my opinion, should not have taken up so much of our time in this discussion.

Like other members before me, I should like to give you briefly my opinion and that of the great majority of my constituents on this matter that I find most delicate, one on which everybody has his own idea, while stating that capital punishment is neither a murder nor a vengeance, but a deterrent.

The countries which impose or have imposed it are not murderers; otherwise, you would have to condemn all nations of ancient history and many modern states that have always insisted on protecting the public interest. Even the Bible refers to it very often, as many pointed out during this debate.

Society, Mr. Speaker, was not formed by accident. It was the will of our Creator that it should exist. It originated in the nature of individual man himself, who is unable to pursue his goal alone and to achieve the full development of his own being without the help of his brethren. Society is not the result of man's will, but of the deepest needs and most imperious aspirations of his nature. It is of divine origin, like our own nature. It received then the necessary means to protect the common weal.

We have to decide if the state should retain or abolish capital punishment as a means which it has by its nature for the greater good of society.

We have been told that capital punishment was justifiable in the days of barbarism, but that in a civilized country it should not exist. I feel, Mr. Speaker, that there will always be, in the various strata of society, a certain category of people in whom the indestructible instincts of cruelty or vengeance will have to be held in check by the salutory fear of death and this applies to us at this time. I believe this. I should like, in particular, to protect those whose duty it is to maintain law and order, and who ask us to retain capital punishment.

Allow me to support most of the arguments of those who preceded me and who advocated retention, although I must say one of the arguments of the retentionists really shook me, and that is the one which accuses society of not having done enough for certain individuals. Society, it would seem, is responsible to some extent for certain murderers. This assertion leads us to ponder on our responsibilities and endeavour to do even better in the future.

I understood the numerous arguments on rehabilitation, but one wonders if we are truly adequately prepared to reform the convicted, materially, morally and spiritually.

Do we have the necessary competence, in quantity and in quality? An army of experts on the rehabilitation of criminals would be needed, and we do not have them. Considering the considerable knowledge required of competent psychologists, surely it is not with guards, more or less sufficiently remunerated, I admit, lacking the required specialized and continuous training, from whom only grade 7 is required and who are in direct contact with the criminals that we can, in spite of

their willingness, infuse what it would take into the convicts.

We must also take into consideration the surroundings in which the prisoners live. They will try more readily to find means to escape and to learn new tricks than to mend their ways. Assuredly, many social and penal reforms should be made; we have made a start, but are we ready to give all these unfortunate people the help they really need?

When we are ready, we will be in a better position to consider abolition of capital punishment, because retention must not be an everlasting and absolute decision.

Mr. Speaker, even though abolitionists were perhaps better prepared for this debate through publicity, I am convinced that we must retain the death penalty at present.

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I wish to be as brief as possible and I should like to concentrate on society and its responsibilities. I do not want to repeat what other members have said for or against capital punishment, but simply to point out the responsibilities of our society concerning this vile crime deserving the sentence of death.

Mr. Speaker, the authorities have the right and the duty to punish the bad and reward the good. God Himself does it in this world and in the next. As all power comes from God, the authorities should imitate God: they should punish evil while tempering justice with mercy. Parents themselves, whose authority comes from heaven, have the right to punish and to reward; so have those to whom they entrust the education of children; so has the Church through its spiritual punishments; so has all true authority in this world.

The Ten Commandments of God, and especially one such as "Thou shalt not kill", apply to every human being, for each will be judged according to his virtues and his sins, his merits and demerits. The commandments cannot apply to society, for theft, murder, adultery, lying and so on, are sins and crimes committed by individuals, not by society. Society, through the authority of its legitimate leaders, has the right and the duty to protect its individual members and to punish those who harm them. If the 5th commandment of God forbids a man or those close to the victim of a murder to kill for motives of justice or revenge, because a man is not in himself an authority, society, which has the authority, must intervene and punish if necessary. In wartime, society kills, destroys, lies, cheats and violates almost all the commandments and it must not justify itself in the same way as the individual alone or a particular soul. Those who cannot make these distinctions can only live in confusion and make anarchic judgments.

The main arguments of abolitionists are based on emotionalism, sophism, the weakening of the authority required to maintain order, the contradiction of God's commandments, materialism and more often than not, atheism. They are based on a distorted psychology tending to abolish the notion of sin, of personal responsibility, and to find society guilty of all sins and crimes of individuals considered as victims of that society. And since criminals, through this reasoning, become the victims of society, it is felt that those poor victims must be spared, looked after, coddled and even pampered. Is this not topsy-turvydom, the negation of divine rights and authority, of the rights of society to punish evil and protect us from it?

Therefore, Mr. Speaker, our society also has responsibilities. It is entrusted with heavy responsibilities and great duties. The strongest, the richest and the shrewdest overwhelm the weak. It is the law of the jungle at its most ferocious, and it can only foster inequalities.

This is being felt in all classes of society. How many middle class or professional people are compelled to compromise with their conscience in order to live according to their rank and their class? Many of us would be amazed if they could scrutinize consciences and realize the disorder created by our anti-social and anti-human economic system.

• (8:10 p.m.)

Our economic system has caused more casualties than the most devastating wars for the last hundred years. We have a great many families who have lived like animals, in hovels, without medical care, without education, without the bare necessities, disinherited, robbed, dispossessed and thrown into the streets by the barbaric, heartless, slanderous system of usury supported by those who are or were responsible for the commonweal; those who protect such a system are guilty of greater crimes than those who have had the misfortune to commit an offence.

Mr. Speaker, several members have reiterated in this house that taking someone's life was forbidden, because life is a gift of God and only He can take it away.

Let us also recall, Mr. Speaker, that God said: "All they that take the sword shall perish with the sword".

This is my answer to these gentlemen: Why then do some men take it upon themselves to organize national or international slaughters? If it is a criminal act to take someone's life, how criminal then are those who have eliminated thousands of human beings under the guise of defending Christendom, Civilization, Democracy, or the Homeland? If so many lives could be destroyed to save various countries, to protect them against aggression, it should also be permitted to sentence to death a habitual criminal for the protection of society. I think it is our duty to do so. But here again, a great number of those crimes are due to our anti-Christian, anti-moral and anti-humanitarian system.

I agree with the hon. member for Hull (Mr. Caron) that we should put more Christianity in our schools, in our institutions, in our lives. Mr. Speaker, the day we have in our legislatures, men who do not fear what people say and who have taken the undertaking to act according to justice as revealed by God and to legislate so that justice prevails in Canada and in modern America, they can once more reveal to the nation the secret of permanent freedom and justice and show the world the great ways of a durable peace.

To that end, we must reinforce our army and increase its units; but we must above all organize another sort of army, an army of devoted revolutionaries, composed of men and women who will wage an all-out war on injustice and corruption because they will not be afraid of having their lives exposed, of men and women who do not protect the corruption of others, of men and women who do not despise problems, of men and women who will face problems with firmness instead of avoiding them, of men and women who will strictly apply the principles of honesty, purity and unselfishness in their daily life. We must not only seek to contain and check the criminal world, but we must change it, and, to that end, we must believe in the Lord's Prayer: "Thy will be done on earth as it is in Heaven."

If God's will is done on earth by men who listen to him and obey him, surely remedial measures can be taken at the political, economic and social levels so as to ensure education and change the environment.

All this is urgent, but it will take more than laws to face up to hate, dispel fear, destroy envy and put an end to colour, race and environment selfishness, which are the sources of our divisions.

Mr. Speaker, we have remained stunted in the moral and spiritual fields; we have to live with a civilization craving for pills and excitement, where people while away boredom by looking at sex films or films of violence, and taking pep pills or sleeping pills, or ulcer pills. Often we cannot bring unity in our homes, in industry or in our country, to say nothing of our incapacity to do anything in a world torn up by fear, envy and hate.

Nowadays, a nation should not be afraid to stand up and say what is right and what is wrong. If we uphold what is right, as God shows it to us, in domestic or foreign affairs, in our private life as well as in our national life, then our private life and our national life will both be spent for the eternal happiness of each and every one of us.

Mr. Speaker, capital punishment is the only penalty that fits the seriousness of the crime of murder. The punishment imposed for a serious crime should be commensurate with the horror it arouses in most people; in the final analysis, punishment is justified because it emphatically constitutes condemnation of a crime by the community.

From this point of view, some murders deserve the ultimate sentence, that of death, provided that justice be the same for all and that the influential, the upstarts and the rich share the same fate.

Mr. Speaker, the death penalty is a just punishment for the greatest crime of all and may alone atone for an unforgiveable crime.

Mr. Speaker, as I was saying, our society has great responsibilities. Before making a decision which will greatly affect society, its future and the future of crime in society, I would like each member to ponder the strongest arguments. I think that the strongest argument is to have recourse to punishment of the Divine Providence, to put the question in the hands of Providence.

And on these words, I close saying that I shall vote against the abolition of capital punishment. I shall also vote against the proposed amendment, which recommends capital punishment only when policemen or prison guards have been murdered for, in my opinion, the members of society must be protected and respected as much as any policeman. I know that they, whose duty it is to maintain order in society, are more exposed than the others, but that is no reason to protect only them. All citizens must be protected, equally and justly. Justice must be

done, it must triumph according to natural law and divine law.

[*English*]

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I had not planned to take part whatsoever in this debate from the opening day of the five now devoted to this subject until the vote tonight, but in view of some circumstances which developed a few days ago I now wish to make plain the position of those of us who are called retentionists, of whom there are a large number in this house.

The government house leader introduced a motion some time ago which required the unanimous consent of the house, to set aside government business for three days in order that we might discuss a private member's resolution introduced in the names of four individual members of this house. This motion required unanimous consent. While it called for the abolition of the death penalty the retentionists in the house did not raise any objection to it, and we had three days' discussion on the question.

Upon the conclusion of the three days of debate, which was all that the abolilionists asked for, an objection was raised to continuing the debate because government business was being set aside and the national work of the country was being delayed and held up. The retentionists considered that there was very important government work to be done. As a result of the objection raised by the retentionists, and I am using that word in its plural form, we were able to pass the supplementary estimates for the year ending March 31, 1966 during the fiscal year ending March 31, 1966.

• (8:20 p.m.)

Then efforts were made to bring back into the discussion stage this question of the abolition of capital punishment. Unanimous consent was again required from the members of the house, including the retentionists of whom there are a large number. The retentionists are very, very anxious to have brought on to the floor of this house and discussed a private members' notice of motion which stands in my name. This notice of motion is No. 22 and can be found on page 26 of today's Routine Proceedings and Orders of the Day. It was introduced on January 20, two days after the house assembled, because the retentionists in this house are thinking of the victims of murderers more than they are thinking of the criminal element who perform the murders.

This resolution which stands in my name, but was introduced on behalf of all retentionists in the house, was drawn up properly by the senior law officers of the crown. You will find the wording as follows:

> That, in the opinion of this house, the government should consider the expediency of introducing legislation for the creation of a Criminal Injuries Compensation Board to hear the pleas of persons who have suffered permanent injury or disability as the victims of crime and award compensation to such persons or their dependents as would seem fair in the circumstances, and wherever possible to do so, to impose payment of compensation by criminals to those they have injured.

This resolution could be based on any one of a large number of cases, but I am thinking in particular of a murder that occurred in the area of Toronto in which I live. A little seven-year old girl was murdered by a man who was, of course, later judged insane. He was considered sane right up to the time of the murder, although he was then 24 years of age. You realize, of course, that in the first 24 years of his life they could not tell whether he was insane or not, but the moment he committed a murder he was judged insane immediately.

In other words, they take one half hour of his life, as compared with the 24 years he had lived and was considered sane, and find him to be insane. The little girl was in our Sunday school and when she was murdered, and foully murdered, a fund was started in the section of Toronto in which I reside and go to church. I go to church in the riding of High Park although I live in the riding of York-Humber. A fair collection was taken on behalf of the little child. The amount collected paid for the funeral, the funeral plot and left some money over for the distraught mother, her husband and the little girl's brothers and sisters. But once that little sum of money, which had been contributed by Christians and other people of compassionate minds and hearts, was expended, that was the end of it.

I was a newspaper reporter for eight years, although I was in the newspaper business for a total of 40 years. During the time I was a newspaper reporter I covered several murder trials and had the bitter experience more than once of having to interview the families of murder victims. In these cases I never had anything to comment except unfavourably, because of what results from the action of murderers.

We retentionists believe that the federal government should establish a financial fund that would make payments regularly to the

families of victims of murder and other criminal acts. This resolution was introduced on January 20 and I made a personal plea to certain ministers that it be brought on the floor of the house before the resolution for the abolition of capital punishment was introduced. I received absolutely no answer.

I and the retentionists in this house have more interest in the victims of murderers than we have in the murderers themselves. If a person is flying in a Trans-Canada Air Lines plane and the plane crashes, such as occurred at Ste Thérèse, Quebec, and your loved ones are killed, you can collect from T.C.A., which I suppose you might say is the government. Some lawyer will get up and tell me it is not the government, that this is a crown corporation and is not the government at all. But we pay the deficits.

You collect from the government if you lose a loved one through an accident on—I said Trans-Canada Air Lines but for the benefit of those who want it I will say Air Canada. You knew what I meant when I said Trans-Canada Air Lines, anyway. If you are in the province of Ontario, and I cannot speak of the other eight as well, and a man—

An hon. Member: The other eight? There are nine.

Mr. Cowan: —driving a motor car runs into you or your loved ones and someone is killed, if you cannot collect cash from the person who caused the collision and the death in your family you can institute an action and collect compensation from the unsatisfied judgments fund administered by the Ontario government through the Department of Highways. I refer to a death occasioned by an accident involving motorcars. Or you might be walking up the street in your own municipality and trip over a broken sidewalk, fall very heavily on the ground, fracture your skull and die within a couple of hours or days. Then the family sues the municipality and receives compensation for the death in the family. But if someone in your family is murdered by a criminal, we turn all the strength of the crown in behind the criminal to see that he gets three meals a day, has a warm bed, is looked after properly and is given a psychiatric examination. What about the victim? The attitude is: The victim is dead; skip it.

I say that if we can collect through accidents in an Air Canada plane and from the government behind Air Canada, if we can collect from the government of the provinces

[Mr. Cowan.]

because of a motorcar accident and our loved ones are killed or die as a result of the accident, if we can collect from the municipalities if we should fall or trip due to some faulty work in the municipality, the families of victims of murderers and other criminal acts should also be compensated by the state, because they did not bring the situation on themselves.

When I asked the law officers of the crown, on behalf of the retentionists, if they would prepare this resolution, I said to the law officers that I wanted it drawn up on the basis that the families of victims of murderers should be able to collect in a cash way, if not from the criminal—whom the abolitionists are everlastingly telling us are poor, poor, poor—then from the government. According to the abolitionists the rich are never murderers; it seems that only the poor are murderers. They never point out that 80 per cent of the world's population are poor, so of course 80 per cent of the murderers will be poor. They just refer to the large number of murderers who are poor.

If the family of the victim cannot collect from the murderer or the murderer's family, surely they are as entitled to collect from the state as the family of a person who is killed in an Air Canada plane, on the highways of a province or due to negligence on the part of a municipality.

We retentionists gave unanimous consent, although we could have withheld it, to have the discussion of this resolution against capital punishment resumed for a fourth and a fifth day. The newspapers, those men and women who sit a long way from us and can read our minds as though they were an open book—I noticed this comment in some of the mass media—said that pressure was going to be applied here, pressure was going to be applied there, the steam-roller was going to roll and the whips were going to crack. Let me say in all fairness to the gentlemen who have conducted this debate that there has been no pressure at any time, of any kind, applied to any retentionist. There has not even been any conversation with any retentionist. This debate has been conducted properly and in a high-minded way, I believe, by the ladies and gentlemen who compose the House of Commons. But the retentionists went along with unanimous consent because they wanted me to present this argument at this time.

• (8:30 p.m.)

We have co-operated. We granted unanimous consent for the first three days. We granted unanimous consent for the fourth and the fifth day. We granted unanimous consent so the leader of the Conservative Party was able to continue beyond his 20 minutes. We granted unanimous consent so that the leader of the New Democratic party was able to continue beyond his 20 minutes, although we knew both were abolitionists. We granted unanimous consent for the continuation of the debate from ten o'clock to 11.30 last night. We granted unanimous consent for no division to be taken during that period and for the day's adjournment proceedings to be deferred. We retentionists have granted unanimous consent on about ten different occasions in the last two weeks to aid those people who want to mollycoddle the criminal element of Canada by reducing the severity of the punishment stated in the Criminal Code of Canada. At this time we would like the house leader of the government, and the cabinet, to please allow the retentionists one day in which government business will be cleared away so that we can discuss this resolution No. 22 calling for compensation to the families and victims of criminal acts.

When the law officers of the crown were preparing this resolution, they said to us: You do not want this resolution prepared simply as though all the victims were murdered. They remarked: We know your heart and we know your mind on this point. If a girl were being attacked by, let me say, an ape, a word synonymous with this type of man, and she cried out, perhaps as a result of having vitriolic acid thrown in her face to blind her, and gentlemen came rushing to her aid while the ape disappeared, that girl might be left blinded for life, although she had not been murdered. These officers of the crown said that they had prepared this resolution to cover a case like that, also, where a person has been attacked by a criminal and has suffered permanent injury, the family has suffered damages and compensation should be made available to that family.

Now, of course, the situation is much worse in a case where the breadwinner is murdered and a widow may be left with children to look after. What compensation does the state provide? The state provides none. The retentionists are asked, out of their Christian hearts and compassionate minds, to contribute to a fund for the relief of those families where the breadwinner has been murdered. I say that before we start easing the severity of punishment on murderers, we should give consideration to looking after the families of the victims, not only of murderous attacks but of other criminal attacks.

On behalf of the retentionists in the House of Commons, I ask that the government—not in the distant future, not in due course and after consideration, not after the Easter vacation or when the matter has been given every possible consideration or an inquiry has been made by the justice department—grant the retentionists a day, right away. We retentionists have granted unanimous consent regularly during the past two weeks. The government has set government business aside. They have even set aside the discussion of the budget.

We simply ask for one day. We do not think that is too much, considering that we have given unanimous consent for a five-day discussion for those who want to aid and abet the criminal population. We now want one day so that we can direct the cabinet's attention to the question of arranging for compensation for those families who may have lost their breadwinner, may have lost the mother of children, may have lost a child in his teens whom they have raised at great expense and was just coming to be a financial satisfaction to his parents, only to be done away with by a murderer. A family may have lost a dearly beloved baby by a murderous attack. What has the state cared up to this moment? It has done nothing: The victim is dead, so let the dead bury their dead. It says, in effect: let us find the murderer, we will make a gentleman out of him by buying some more psychiatric couches, putting him in prison for life and feeding him well. The retentionists ask for a little attention to the families of the victims.

I do not intend to comment further on this debate, except to say that I am opposed to the amendment. I am opposed to the main motion. The man or woman does not live who can tell me that the persons set out in this amendment, a police officer, prison guard, constable, sheriff, deputy sheriff, sheriff's officer or other person employed for the preservation and maintenance of the public peace, is of more value to me than my wife or any one of my three daughters.

I believe that the death sentence is a deterrent. The abolitionists believe that the death sentence is a deterrent or they would not be introducing an amendment such as this which would prevent the murder of a

police officer or prison guard by holding up the fear of the noose to those who might murder them.

Hon. Hugh John Flemming (Victoria-Carleton): Mr. Speaker, because I have strong feelings about the question of law enforcement in general, because I have strong feelings about respect for the law, because I have strong feelings in connection with the loyalty and support that the citizens of any country should give to the officers charged with law enforcement within the confines of that country, I feel I should have something to say on the resolution before the house. Now, in order to refresh our minds, I should like to read the resolution itself. I quote:

> Resolved, that it is expedient to introduce a measure to amend the Criminal Code for the purposes of
>
> (a) abolishing the death penalty in respect of all offences under that act;

I particularly draw to the attention of the house the words, "all offences". I continue to quote:

> (b) substituting a mandatory sentence of life imprisonment in those cases where the death penalty is now mandatory; and
>
> (c) providing that no person upon whom a mandatory sentence of life imprisonment is imposed shall be released from imprisonment without the prior approval of the governor in council.

I find myself looking at the meaning of the word "expedient". I realize that we in this house frequently use and understand the meaning of the word "expedient". However, this is not an ordinary resolution. This is a resolution that is going to change something which affects many people, something upon which we all have very strong views. I am one who has been impressed by the arguments that have been advanced. Some of these arguments have been temperate while others have been quite emotional. Nevertheless these arguments have been advanced, I feel, by people who feel strongly about this subject.

I looked up the meaning of the word "expedient". I find that the Oxford dictionary gives the following meanings for the word "expedient": (1) advantageous; (2) suitable; (3) politic rather than just. So far as advantageous is concerned, in this day of increasing violence everyone will ask what possible advantage could there be by removing a possible deterrent to murder.

• (8:40 p.m.)

With regard to the second meaning, that is, suitable, what makes a time when respect for human life is becoming less with each passing day a suitable time to be taking away a possible deterrent to the murder of the innocent? Then, we come to the last meaning, politic rather than just. Surely we, as members of this house, are not so much concerned with the letters and protests received from those who I feel, quite inadvertently, would appear to favour the attacker rather than the victim. I think we have to legislate to protect society to the greatest possible degree. This becomes our duty. I contend that in a period of frightening increase in crime in Canada it is neither advantageous, suitable nor politic to remove from our statute books the death penalty, especially in the case of certain heinous crimes.

I feel that in debating this question we are putting the cart before the horse, as was said this afternoon by another speaker. I feel we should be debating and diligently seeking ways and means to control the criminal elements in our society and to get rid of the international crime rings, which we are told are even now entrenching themselves in our country. No doubt these people are following this present debate with more than average interest.

I feel that we should be debating and seeking ways and means of strengthening the hand of our law enforcement officers rather than placing their lives in further jeopardy. I believe they deserve to be fully supported in their difficult job of protection, and that never should undue pressure be brought to bear upon them.

However, Mr. Speaker, it is not a question of what we might be debating here; it is what we are debating. What we are debating is simply whether it is expedient to abolish the death penalty and to replace it with life imprisonment, subject to certain reservations. I cannot subscribe to the general idea that there is a great advantage in bringing about such a change. I do not believe that such a change as this should be made in the statutes of this country merely upon a majority vote. I believe there should be at least a two thirds majority before any legislation such as envisaged by this resolution is passed.

I feel that we have to pay some attention to our law enforcement officers. We have ample evidence that law enforcement officers in practically every province of the country have expressed the opinion that the abolition of the death penalty is not in the interests of justice. Provincial attorneys general, judges

and many people who have dealt with criminals consider that the death penalty is a definite deterrent.

This is not the first time that this subject has come before the house. But I believe that this is the first time the government of the day has asked the house for a yes or no decision in the matter. I believe that resolutions of this nature have been talked out previously, as we say here, but this government has asked us for a decision. I presume that an amendment to the Criminal Code will follow such decision, if favourable. However, it seems to me that the whole question is too important for it to be confined to the judgment of just a few people. I feel the question should be carefully examined by an impartial tribunal in the light of existing circumstances and amendments made in 1961.

Having mentioned the amendments of 1961 let me immediately recall what must be obvious to everybody. These amendments have been in operation now for less than five years. After a limited time of operation we now have presented to us a resolution which pretty well does away with the flexibility, if you like, of the amendments made in 1961. We have a resolution which seeks to change the law, one which expresses the view that the death penalty should be abolished.

The fact that this resolution is before us today suggests that something must have been lacking in the amendments made in 1961. Mr. Speaker, I do not subscribe to that general idea. I do not believe that there is anything very much lacking in the amendments of 1961. Therefore, as we come nearer to the time to vote on this resolution, why do we not look at the amendments to see what they embody?

In my opinion these amendments gave very definite and most reasonable protection to a person accused of murder, short of total abolition of the death penalty. Capital murder, as compared with non-capital murder, is clearly defined. According to the white paper on capital punishment which was prepared by the Minister of Justice (Mr. Cardin) in June of 1965, persons under 18 are exempted from capital charges. Up to September 1961 any person convicted of murder was sentenced to death. From that time on, owing to the distinction made between capital and non-capital murder, which was clearly defined, only those convicted of murders which had been deliberately planned or committed in crimes of violence by the direct intervention or counselling of the accused, were sentenced to death. The death penalty was also imposed for the murder of a police officer or a prison guard acting in the course of duty and which resulted from such direct intervention or counselling. Additional information regarding the charge of capital murder and the charge of non-capital murder can be found at pages 66, 67 and 68 of the book which I hold in my hand.

The present law concerning a person convicted of the charge of capital murder should be well known. But I sometimes wonder whether it is realized that the decision whether a charge of capital murder or non-capital murder is laid is made by the local prosecutor after consultation with the Attorney General of the province in which the crime is committed. Surely if there is any doubt in the mind of the Attorney General or the chief law officer of the crown in any province, the accused will be charged with the lesser offence of the two, which would be non-capital murder, and this is a protective feature.

Since 1961 an accused person is arraigned on a charge of capital murder only if the Attorney General or crown attorney is satisfied that that is the proper charge to be laid. From there on the procedure is well known by all. Twelve jurors are sworn before the judge and they hear the evidence. The jury determines questions of fact, the judge determines questions of law. At the conclusion of the cases for the prosecution and the defence the jury decides upon the guilt of the accused. Still another safeguard is the fact that the judge asks the jury whether there is any recommendation for mercy, and such recommendation, generally speaking, brings a commutation.

With the above facts in mind, it seems to me that those who argue that an innocent person may suffer the death penalty are talking about something most unlikely to happen in light of the amendments of 1961. The fact must also be faced—and I do not say this critically—that for the past three years the present government has commuted every death sentence. Commutations have become ordinary rather than extraordinary. I have always felt that every time there was a commutation there was a feeling of rejoicing among criminals.

It has been argued that the death penalty is not a deterrent to the crime of murder. I submit it is, and I base that submission on the fact that nothing is dearer than life itself.

The old saying that "while there's life there's hope" applies. There is another old expression to the effect that were it not for fear of the law, man would commit murder. These old expressions are probably clichés and trite, but nevertheless there is usually an element of wisdom in them.

• (8:50 p.m.)

Before leaving the subject of the 1961 amendments, I believe it is proper for me to say that a five-year trial period is not long enough. Before the present resolution was presented to us there should have been an examination made of the results under the amendments. Has experience indicated an improvement as compared with the situation which existed prior to 1961? That is one of the questions to be asked. Should the amendments be given a longer period of time in order to determine whether they are sufficient or insufficient?

One of my reasons for voting against the resolution before us is that the 1961 amendments have not had sufficient time to demonstrate their effectiveness or otherwise. I once asked a distinguished judge of the Supreme Court of Ontario his opinion on the abolition of the death penalty. I wish I could quote his reply. He referred to instance after instance of killers whose sentences had been commuted to life imprisonment, who were later released and sent out into society to strike again. One such man killed three times before he was finally condemned. The judge said: "My experience shows that there are people who are definitely killers."

In our determination to do what is best I believe we should be very much influenced by what is good for the defence of society. We must act in the public interest. The protection of law abiding citizens who still make up the vast majority of the people who sent us here for that purpose, must be put first. I have no hesitation in saying that I believe it is the duty of all of us to do all in our power for the protection of the people who have entrusted to us that duty that responsibility.

We know that there are organized gangs of criminals whose business is murder. Dare we say to these criminals these words; "Come to Canada where we have abolished the death penalty. It will be easier for you there to kill. In Canada there is no crime, no matter how vicious or often repeated, that is punishable by death. And what does life imprisonment, so called, amount to these days? Perhaps ten years and you are free again, the way things are going today."

Do we want to take the responsibility of having said that to any organized criminals? I, personally, am not willing to take that responsibility. Sometimes I think that there is altogether too much attention—and this has been mentioned by the hon. member for York-Humber (Mr. Cowan)—paid by well intentioned people to the criminal who has committed murder, and too little attention paid to his victim. How terrible the experience of the victim must have been. What an agonizing ordeal the victim must have gone through. Put yourselves in the place of such a victim. It might be a small child; more often it is an old person living alone. It could be a taxi driver sitting unprotected on the front seat of his automobile. It could be a storekeeper with a cash register, and with something worth stealing. The victim could be a police officer on duty or someone who in the carrying out of community service must be out alone at night. The victims might be even whole families said to be rich, as in the case so minutely described in Truman Capote's much talked about book, "In Cold Blood". The book brings out the fact that the plan for killing a man and wife and two children was made while the two criminals were in the penitentiary. They heard that the people lived in a somewhat isolated place; that they were well to do people. The motive was robbery. A very cold-blooded murder was planned, carried out, and only a very small sum of money realized. My reason for going into some detail about this incident is simply to emphasize that we must be governed by our desire to protect the innocent and defenceless people at all times. That is my opinion. We may differ on how best to do this, but let us not differ in our concern for those who need protection. Let us not differ in the need to reduce crime and violence as much as possible.

An interesting sidelight on the criminal character is brought out in this best seller, "In Cold Blood". It is that the two killers so minutely described in the book would swerve their car and speed up in order to kill a dog on the road. Senator McGrand, organizer and first president of the Canadian Federation of Humane Societies said: "Where there is no respect for life itself, there is no real respect for human life". The victims of a killer have no judge or jury of 12 to say they should not die. They have no body of legislators such as are assembled today in the Canadian House

of Commons to argue that they should not die. They die, and that is the end of it.

We have societies for the rehabilitation of the criminal. More power to them; they are needed. But I have yet to hear of societies devoted to helping the widow and children of a murdered man. I wonder why public sympathy seems to be so misplaced. Is it because the public has become so accustomed to see crimes of violence night after night on television, that many people now take death by violence as something which happens all the time, or as mere play acting? Can you not hear the words: "It is not real; it is just a show".

Unfortunately the play frequently turns to grim reality. I am convinced that many crimes, especially those committed by juveniles and immature adults, are brought about by what these people have seen on television. Violence on television is glamourized. You hear people saying: "Television is a wonderful thing". Yet, who makes a serious attempt to turn this wonderful modern medium into a means for education, for better living, rather than what it seems to be today, which is a means of education for delinquency and crime? I wonder if something ought not to be done—

Mr. Deputy Speaker: Order, please. I must advise the hon. member for Victoria-Carleton that the time allotted for his speech has expired.

Some hon. Members: Carry on.

Mr. Deputy Speaker: Does the house give unanimous consent for the hon. member to carry on?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Agreed.

An hon. Member: How long?

Mr. Flemming: Thank you. An hon. member asks how long I shall be. I say, perhaps three or four minutes.

In voting on this resolution, I consider that I have no choice. I should like however to support legislation which will contribute to the protection of society. I believe I should repeat these words: Our responsibility is the protection of our people, who in many cases are helpless women and children against whom at any time crimes may be committed.

I say that it is clearly the duty of members of parliament to support and enact laws, and to vote money for the protection of those who have entrusted to us that duty and responsibility, and that great honour. Therefore, my approach to the question of the treatment of a person who has committed a crime classed as capital murder is entirely from the standpoint of what is the best course to follow in order to legislate a maximum deterrent.

It has been argued that many nations have discontinued capital punishment. That is correct. Many have gone back to it. Great Britain has once more abolished the death penalty. It has been referred to in this debate that in the year 1965 there was a most alarming increase in the murder rate. The *Daily Express* had the figures and they are here, but as the house has been good enough to allow me to finish my remarks, I shall not go into them. However, there was an alarming increase in 1965 as compared with 1964. I know it may be argued that the next year the rate may be down. However, the proposition advanced is not one-sided.

• (9:00 p.m.)

I was impressed by many speeches, especially that this afternoon by the hon. member for Grenville-Dundas (Mrs. Wadds). I was also impressed by the speech made by the hon. member for Bow River (Mr. Woolliams) a week or so ago. He asked questions. So far I have not heard those questions answered. These were questions that were troubling him and they are troubling me too. He wanted to know what life imprisonment meant. No one has taken the trouble to define it.

He referred to organized murder syndicates that exist in large centres both in the United States and Canada, syndicates made up of people willing to murder other people for money—blood money. No one has said anything about that. In completely renouncing the death penalty do we render their business easier to carry on? My hon. friend from Bow River also raised this question: Do we make life safer and more secure for law abiding citizens when we mollycoddle criminals?

It is my considered judgment that the amendments made to the Criminal Code in 1961 should be given a longer testing period. They are a far more lenient approach to the whole problem of the treatment of a murderer than existed previously. Why do we want to substitute something else after less than five years experience of something which was based on a more lenient approach to criminals? I fail to understand that.

I cannot support the resolution as presently presented. I favour retention of the death

penalty for certain crimes such as premeditated murder, treason, murder of a policeman or prison guard, and for repeaters. My basic approach to the question is that I am convinced it would be most unwise to make a decision on what is really only part of the problem of the treatment which the state should inflict upon a citizen who has taken the law into his own hands and committed the crime of murder. I use the word treatment rather than punishment because I am sure in my own mind that no one today connects the death penalty with punishment for a crime. The removal of danger from innocent people is what the law was designed to accomplish.

When I vote on this resolution I am going to be influenced by the following: Do I vote to protect innocent and law abiding citizens from death by violence, or do I vote to be more lenient with the criminal who has deliberately planned violent death and has been convicted of the same after due deliberation? So far as I am concerned I shall vote to protect the law abiding citizens, and on this basis shall vote against the resolution as presently constituted.

Mr. J. B. Morison (Wentworth): Mr. Speaker, I thank you for the opportunity of being able to express myself this evening because initially—and I am going back about 18 months—I was quoted as being a retentionist and against the abolition of the death penalty. Subsequently I was quoted as favouring the abolition of the death penalty. I did not come to this opinion without some study. My basic reading was on the value of the death penalty as a deterrent, and as I read the authorities on the deterrent value I wondered whether or not I was just emotionally wound up in this thing, and therefore I swung toward the abolitionist side.

Some hon. Members: Hear, hear.

Mr. Morison: I went back to my riding, however.

Some hon. Members: Oh, oh.

Mr. Morison: That is all right, Mr. Speaker. I represent the riding of Wentworth. There are 56,000 people who vote there and I do not believe they are all wrong; and when I returned to my riding and spoke to them I found the majority do want retention of the penalty. I was sure then that they were not all emotionally involved, that there had to be an idea behind it and, if this was the case, maybe I had approached the subject from the wrong point of view, namely whether or not the death penalty was a deterrent.

The more I looked at it the more I realized that this probably was an irrelevant argument. Nevertheless, as I heard many hon. members talk about the subject I started to look at figures, and in this connection I quote from the Dominion Bureau of Statistics report, catalogue No. 85209, at page 11.

There I see that murders reported to the D.B.S. in 1956 ranged about one in every 10,000, and homicide deaths resulting therefrom were 1.2 in every 10,000. This was a pretty consistent figure. It was .9 in 1955, 1.0 in 1956, .9 in 1957 and 1.1 in 1958. The corresponding homicidal deaths in those years were 1.2, 1.2, 1.3, 1.2 and 1.4 in 1958.

Then in 1961 we introduced the definition of capital and non-capital murder, and we had wholesale commuting of the death penalty through 1962, 1963 and 1964. Murders reported to the D.B.S. in those years were 1.4, 1.4, and 1.4 per 10,000, and homicidal deaths resulting therefrom were 1.6, 1.5, 1.5,—about a 40 per cent increase on the average. Whether wholesale commuting started the trend I do not know, but it certainly caused me to wonder whether or not I should re-examine the situation.

From the figures it appeared that either the deterrent value was not there or else the Canadian people were becoming more lawless in their outlook toward crimes of violence, and if this is the case then I can only put forward something of my own thinking. I am not going to dwell on the evolution of capital punishment. We have heard many abolitionists talk about the death penalty for nickel and dime crimes. This is no longer the case and I am very glad it is not. However we have refined the death penalty down to the point where it is only applicable for premeditated murder, treason, and crimes of violence. I do not believe that the death penalty is a neurosis of our judicial system. I feel it has been refined to the point where it is an absolute necessity.

Out last amendment to the Criminal Code in 1961 divided murder into two classes, capital and non-capital, and I do not believe we have had a true test of the fairness or the efficiency of this law. It is the erosion of this rule of law that frightens me, and I shall return to this later.

Today the death penalty stands as the supreme punishment for those who defy our way of life and prefer to live with violence

and mayhem. It is not used basically as a deterrent today, it is not used as revenge: It is used as the basis of the security in which our people live.

It has amazed me how many people have told me, "I do not really know why I want the death penalty retained, but I do know that if it is abolished it is a weakening of my rights. It is a weakening of the protection I have against those people who do not want to live within the laws we have designed for ourselves."

It is all very well for the abolitionists to stand up and plead for the dignity of life and the salvation of a convicted killer, but I am not sure that John Doe, citizen, is ready to accept the return of these killers into society, or even that he wants the responsibility of looking after them while they are incarcerated.

• (9:10 p.m.)

I also have sat here for three or four days listening to this debate and I always have felt as I sat here with my colleagues—and I am speaking of colleagues on all sides of house—that we represent 18 million Canadians; these are the Canadians who look to us and ask us to decide on laws for their protection and for their welfare. I do not believe we are doing that when we are allowing the possibility, or probability, of some men who cannot live within our laws being turned back into society. Nobody has any guarantee he is going to be able to live there within the law, but everybody is afraid that he will take a life again or will again destroy.

Earlier I mentioned an erosion of the rule of law. I believe throughout the world today our legislatures are taking away the rights of the individual. They are taking away these rights in different ways, so that in many of the matters which are a part of their way of life, people are deprived of basic rights which would have been protected by adherence to the rule of law.

Akin to this there also is something which has worried me and given me great concern; that is, the general lack of discipline we have among us and a disregard for any authority. I think a good example of this is a report of picketing in Oshawa not very long ago. This report is to the effect that there were so-called picketers who had ignored a court injunction and who had torn up this injunction after it had been read by the sheriff. What makes it even more frightening today is that on that picket line were prominent people whom we like to think of as our leaders; one was Mr. C. H. Millard, one of the persons we imported as a trustee of the S.I.U.; another was the leader of the New Democratic party in the province of Ontario.

Another incident which has given me some concern—and it was mentioned earlier this afternoon—was the comment of one of our judges in Ontario to the effect that it was a waste of time to pursue a capital murder charge, and he went to the lesser one of non-capital murder.

This outbreak may have been poorly timed. Nevertheless to me, and I am sure to many people who read those headlines, it was indicative of the disregard in which law is held today through the ill use of executive power. Instead of abolishing the death penalty at this time, I say it is better that we return to the proper use of capital and non-capital legislation, with some hope that, if we here in the house give a mandate, the executive branch will re-examine the royal prerogative and use it, not as a salve to their conscience, if this is what they have been doing, or as a stop-gap pending new legislation, if this is what they have been doing, but rather use it in the circumstances for which it was designed—extraordinary circumstances with a plea for clemency from judge or jury, or both.

In closing I might suggest to the abolitionist who says there are two types of law, one for the rich and one for the poor, that it is a deplorable situation, but it should not be allowed to influence the erosion of law. It could be argued that the rich should be deprived of the right to legal representation because the poor cannot afford it. This is a problem which could well be taken in hand by a strong and energetic law society, if it feels that it has failed to provide good representation.

Mr. Speaker, I do not believe the death penalty is archaic; I do not think it is useless, although I might say that possibly the way we administer it is archaic. If we are going to make a change, then let us not abolish the death penalty but rather change the way we administer it.

Mr. Deputy Speaker: The hon. member for Danforth.

Mr. Reid Scott (Danforth): As everybody knows, Mr. Speaker, we now are in the dying minutes of what has been a long, interesting and thoughtful debate. In the few minutes

which remain I think it would be impossible for anybody to add anything to what has been said in the way of information. I certainly do not intend to attempt to do so. However as one of the movers of the resolution I did wish to say one or two words about the debate, and if I have the time, I should like to make a brief summary of the position we have been trying to present. I do this, Mr. Speaker, because no matter what the outcome of this debate, I do not think in our own hearts any of us have any doubt with regard to the result which will be achieved here tonight. I believe the earlier vote is symptomatic of what likely will be the result when the main motion is called.

This debate may not have been the greatest debate in parliament, but to me, it certainly is the finest debate in which I have participated since I came to this parliament away back three elections ago in 1962. Some of us who are newer members, Mr. Speaker, at times despair that our parliament ever is able to come to grips with what we think are fundamental problems. We often, or at least I do, feel a sense of frustration in that we never seem to be able to come to grips with the problems which stir us and reach our basic emotions. I do not think we can say that any longer.

I have sat through all the speeches in this debate, because I was one of the sponsors. I think it has served an extremely useful purpose, no matter what the outcome may be. I think it has forced us as members to put aside much of our partisanship and has permitted us to discuss, think about, and deal with matters of life and death and our attitude toward these things and toward all society which we hope to lead and which we endeavour to govern. It has compelled us to think about the criminal as well as the victim; it has made us think about the victim and his relatives; it has made us consider the relatives of the murderer and the stigma which will follow them all the days of their lives.

Many of our members have conducted a refresher course in religion. This too has been interesting. It has forced us in this chamber to look at the whole range of our scale of justice, its treatment of the accused, its injustice to the victim, its failure to curtail crime, its admitted inability to rehabilitate the criminal, and has shown us that we do not even understand the cause of crime much less its solution. For that reason I hope the debate will have served a useful purpose.

[Mr. Scott (Danforth).]

I should like to pay tribute to the other co-sponsors of the resolution, throughout the course of the debate, for their co-operation; the co-operation of all of them was unlimited, unprejudiced and of the highest order; it was a great pleasure to work with them.

• (9:20 p.m.)

I want to thank, on behalf of the sponsors, all members in all parts of the house who have participated in this debate for the consideration they have given to the motion and for the manner in which they have treated it. I think all members who have participated—and I have listened to all the speeches—have spoken deeply, sincerely and honestly. Though I may disagree with many—indeed, I anticipate I will disagree with the majority tonight—I hope that nothing I have said or that my supporters have said will be taken by those with whom we differ as implying that they are barbaric, or lacking in mercy, or that their concern for the well-being of the community, the protection of its citizens and the suppression of crime is any less than ours. I say that in all sincerity.

I think, Mr. Speaker, this debate has demonstrated that in all parts of the house our objectives are the same. It is the means to achieve them upon which we differ. All members who have spoken have voiced a concern for dealing with the problems of crime and for deterring the crime of murder. The hon. member for York-Humber (Mr. Cowan) raised the whole problem of compensation. I suspect there would hardly be a dissenting voice in this chamber if a motion of that type were to come forward. Those of us who advocate the abolition of the death penalty have always suggested that we are not molly-coddling the criminal. We hate murder and we hate crime: We have just suggested that the methods we now use to control it are not adequate and are not the only unique deterrents. We have always supported the principle of compensation for victims.

If there is one sad note in this debate it is to me that in the midst of the entire five days we have not heard from three of the top judicial officers in the land. No matter what the outcome of this vote, to me it will always be a source of personal regret that we did not have the benefit of the views and experience of the Prime Minister (Mr. Pearson), the Minister of Justice (Mr. Cardin) or the Solicitor General (Mr. Pennell). I feel sorry that in the midst of this debate they have sat mute, in silence, their views, intentions and experiences unregistered.

In this debate those of us who support abolition of capital punishment have tried to develop its historical background to point out to the house that we are not really doing any thing new, but that we are merely taking the last step in a long process of evolutionary change. We have accepted the view from the beginning that there is no member of this house who likes hanging, and that all hon. members who wish to retain hanging do so out of a sense of revulsion but of conviction in their minds that it is the only effective deterrent to the crime of murder.

Mr. Speaker, we have disputed this suggestion and we have tried to put on the record the experience of other jurisdictions where hanging has been removed with no appreciable change and with no effect upon the population or upon its safety. We have emphasized our view that the whole question of emotion surrounding hanging inhibits and confuses any sort of systematic attack upon the problems of crime. We have said that the real solution to crime does not lie in this type of penalty, but in greater emphasis upon the strength of our police, their salaries, their training; upon more courts and more adequate methods of detection. I feel that all the emotion which has surrounded the problem of hanging inhibits, deters and restricts us in this very serious goal.

Above all, we have tried to suggest that this whole question should be dealt with in a calm, reasonable and rational way. Indeed it has been a source of surprise to me to sit in the chamber and observe the tremendous emotion that has been generated. I had thought that the point before the house was a very simple and narrow one, as to whether or not we could take the last step and remove hanging as the penalty for capital murder. Instead we have gone very far afield, and great heat and emotion has been generated. This is perhaps inevitable under the circumstances, when we are dealing with a subject that touches people so deeply and upon which they feel so strongly.

As you can see, Mr. Speaker, I am only hoping to run out the clock for another couple of minutes.

The only other problem that has always confronted me relates to the role of a member toward his constituents. I know that the people in my constituency want to retain hanging and that I intend to fight against it. This raises problems that all members who want to give effect to the views of their constituents must face. I feel that this is not the kind of subject about which one consults his constituents. This is not the kind of problem such as medicare or the role of the state in planning, about which your constituents have facts upon which you can make decisions.

The problem we face tonight is of the type that can only be settled by study, by reason, by judgment and by experience. This is the type of thing that can never be made available through one's constituents. This would be much like the man on a jury who having heard all the evidence, then goes out on the street and asks the people what he should decide, on the basis of newspaper reports. There is a time to follow and a time to lead, and during an issue of this kind we face a time when parliament should lead the nation, rather than follow it.

In about one minute we shall take a vote. Speaking for myself, will accept the result whatever it happens to be. I realize that a defeat of the motion will raise very grave and serious problems for the government and certainly for the cabinet. My heart goes out to them because of the agonizing decisions they will have to make.

Having listened to the debate and having received the views of my colleagues in all parts of the house my mind is unchanged. If we are not successful tonight, let me say that we have only lost round one of the battle to take Canada forward, and the fight to abolish the last remnant of this ancient penalty is not dead and has not stopped.

We will begin again tomorrow.

Mr. Speaker: Order, please. It being 9.30 o'clock p.m. it is my duty, pursuant to special order made Thursday, March 31, to interrupt these proceedings and put forthwith every question necessary to dispose of the main motion. Accordingly, the question is on the amendment. Is the house ready for the question?

Some hon. Members: Question.

The house divided on the amendment (Mr. Klein), which was negatived on the following division:

• (9:30 p.m.)

YEAS

Messrs:

Andras	Béchard
Asselin (Richmond-Wolfe)	Beer
Ballard	Berger
Basford	Bigg
Batten	Blouin
	Boulanger

Division

Brown
Cashin
Chatterton
Chrétien
Coates
Côté (Longueuil)
Davis
Dinsdale
Drury
Enns
Fairweather
Faulkner
Favreau
Foy
Gendron
Goyer
Gray
Greene
Haidasz
Harley
Hellyer
Hopkins
Keays
Klein
Laflamme
Lamontagne
Leblanc (Laurier)
Macaluso
Macdonald (Rosedale)
Mackasey
McIlraith
McKinley
McNulty
Marchand
Mather
Munro
Neveu
Nicholson
Olson
Orange
Pelletier
Pennell
Pepin
Pickersgill
Prittie
Prud'homme
Pugh
Reid
Rideout (Mrs.)
Robichaud
Rynard
Sharp
Stafford
Stanbury
Stewart
Tardif
Tolmie
Tremblay
Trudeau
Turner
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Winters—74.

NAYS

Messrs:

Addison
Aiken
Alkenbrack
Allard
Allmand
Asselin (Charlevoix)
Badanai
Baldwin
Barnett
Beaulieu
Bell (Carleton)
Bell (Saint John-Albert)
Bower
Brand
Brewin
Byrne
Cadieu (Meadow Lake)
Cadieux (Terrebonne)
Cameron (High Park)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Cantin
Caouette
Cardin
Caron
Carter
Choquette
Churchill
Clermont
Code
Comtois
Côté (Dorchester)
Cowan
Crossman
Crouse
Danforth
Deachman
Dionne
Douglas
Dubé
Duquet
Émard
Éthier
Fane
Fawcett
Flemming
Forbes
Forest
Forrestall
Fulton
Gauthier
Gilbert
Godin
Grafftey
Granger
Grégoire
Grills
Groos
Guay
Gundlock
Habel
Hales
Hamilton
Harkness
Hees
Herridge
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howard
Howe (Hamilton South)
Howe (Wellington-Huron)
Hymmen
Irvine
Isabelle
Johnston
Kennedy
Kindt
Knowles
Korchinski
Lachance
Laing
LaMarsh (Miss)
Lambert
Langlois (Chicoutimi)
Langlois (Mégantic)
Laniel
Laprise
Latulippe
Laverdière
LeBlanc (Rimouski)
Leboe
Lefebvre
Legault
Lessard
Lewis
Lind
Loiselle
Loney
MacDonald (Prince)
MacEachen
MacEwan
MacInnis (Mrs.) (Vancouver-Kingsway)
MacLean (Queens)
Macquarrie
MacRae
McCleave
McCutcheon
McIntosh
McLelland
McQuaid
McWilliam
Mandziuk
Martin (Essex East)
Martin (Timmins)
Matheson
Matte
Mitchell
Mongrain
Monteith
Moore
More
Morison
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
Orlikow
Ormiston
Otto
Pascoe
Patterson
Pearson
Peters
Pilon
Racine
Rapp
Régimbal
Ricard
Richard
Rinfret
Rochon
Rock
Roxburgh
Ryan
Saltsman
Sauvé
Schreyer
Scott (Danforth)
Scott (Victoria (Ont.))
Sherman
Simard
Simpson
Skoreyko
Smallwood
Smith
Southam
Starr
Stefanson
Teillet
Thomas (Maisonneuve-Rosemont)
Thomas (Middlesex West)
Thompson
Tucker
Valade
Vincent
Wadds (Mrs.)
Wahn
Watson (Assiniboia)
Webb
Whelan
Winch
Winkler
Woolliams
Yanakis—179.

Mr. Speaker: I declare the amendment lost. Is the house ready for the question on the main motion?

Some hon. Members: Question.

The house divided on the motion (Messrs. Byrne, Nugent, Scott (Danforth) and Stanbury) which was negatived on the following division:

• (10:10 p.m.)

YEAS

Messrs:

Allmand
Andras
Asselin (Richmond-Wolfe)
Badanai
Baldwin
Ballard
Barnett

Division

Basford
Batten
Beer
Bell (Carleton)
Berger
Bigg
Blouin
Boulanger
Brand
Brewin
Brown
Byrne
Cameron (High Park)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Carter
Cashin
Chrétien
Clancy
Côté (Longueuil)
Davis
Deachman
Diefenbaker
Dinsdale
Douglas
Drury
Dubé
Enns
Fairweather
Faulkner
Favreau
Fawcett
Forrestall
Foy
Gendron
Gilbert
Goyer
Grafftey
Granger
Gray
Greene
Harley
Hellyer
Herridge
Howard
Howe (Hamilton South)
Hymmen
Johnston
Klein
Knowles
Lamontagne
Legault
Lewis
Macaluso
MacDonald (Prince)
Macdonald (Rosedale)
MacEachen
MacInnis (Mrs.) (Vancouver-Kingsway)
Mackasey
McIlraith
McNulty
Marchand
Martin (Essex East)
Martin (Timmins)
Mather
Matheson
Munro
Nasserden
Neveu
Nicholson
Nugent
Orange
Orlikow
Otto
Pearson
Pelletier
Pennell
Pepin
Peters
Pickersgill
Prittie
Prud'homme
Reid
Rideout (Mrs.)
Roxburgh
Saltsman
Sauvé
Schreyer
Scott (Danforth)
Sharp
Sherman
Stafford
Stanbury
Stewart
Tardif
Teillet
Tolmie
Tremblay
Trudeau
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Winch
Winters—112.

NAYS

Messrs:

Addison
Aiken
Alkenbrack
Allard
Asselin (Charlevoix)
Beaulieu
Béchard
Bell (Saint John-Albert)
Bower
Cadieu (Meadow Lake)
Cadieux (Terrebonne)
Cantin
Caouette
Cardin
Caron
Chatterton
Choquette
Churchill
Clermont
Coates
Code
Comtois
Côté (Dorchester)
Cowan
Crossman
Crouse
Danforth
Dionne
Duquet
Émard
Éthier
Fane
Flemming
Forbes
Forest
Fulton
Gauthier
Godin
Grégoire
Grills
Groos
Guay
Gundlock
Habel
Haidasz
Hales
Hamilton
Harkness
Hees
Hopkins
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe (Wellington-Huron)
Irvine
Isabelle
Keays
Kennedy
Kindt
Korchinski
Lachance
Laflamme
Laing
LaMarsh (Miss)
Lambert
Langlois (Chicoutimi)
Langlois (Mégantic)
Laniel
Laprise
Latulippe
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Leboe
Lefebvre
Lessard
Lind
Loiselle
Loney
MacEwan
MacLean (Queens)
Macquarrie
MacRae
McCleave
McCutcheon
McIntosh
McKinley
McLelland
McQuaid
McWilliam
Mandziuk
Matte
Mitchell
Mongrain
Monteith
Moore
More
Morison
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nesbitt
Nielsen
Noble
Nowlan
Olson
Ormiston
Pascoe
Patterson
Pilon
Pugh
Racine
Rapp
Régimbal
Ricard
Richard
Rinfret
Robichaud
Rochon
Rock
Ryan
Rynard
Scott (Victoria (Ont.))
Simard
Simpson
Skoreyko
Smallwood
Smith
Southam
Starr
Stefanson
Thomas (Maisonneuve-Rosemont)
Thomas (Middlesex West)
Thompson
Tucker
Turner
Valade
Vincent
Wadds (Mrs.)
Watson (Assiniboia)
Webb
Winkler
Woolliams
Yanakis—143.

• (10:20 p.m.)

Mr. Speaker: I declare the motion lost.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, I should like to indicate the business we propose to submit to the house tomorrow. First, item No. 6 on today's order paper, third reading of the ARDA bill; second, item No. 9, third reading of the aeronautics bill; third, item No. 26, committee stage of the Bills of Exchange bill; fourth, item No. 42, the C.N.R. branch line

legislation; fifth, item No. 10, second reading of the fair wages and hours of labour bill; sixth, item No. 4, second reading to amend the Research Council Act; seventh, item No. 15, second reading of the Science Council of Canada bill; eighth, item No. 39, second reading of the bill implementing the tax agreement between Canada and the United Kingdom and the tax agreement between Canada and Sweden.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

TECHNICAL AND VOCATIONAL TRAINING—REQUEST FOR SUBSIDIZATION OF TEACHER TRAINING PROGRAMS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, last week I asked a question of the Minister of Citizenship and Immigration (Mr. Marchand) concerning the possibility of bringing teacher training under the subsidizing section of the manpower retraining program. I do not think it is necessary for me to point out to hon. members of this house the importance of all matters pertaining to education. At this time of year our newspapers are full of advertisements for teachers, indicating that the chronic shortage of teachers which has been persistent in Canada since the war has not begun to be resolved. I am sure we will all agree, too, that it is a matter of priorities in coming to grips with the general problems of education.

For many years in Canada and in this house there was neglect on the part of the Parliament of Canada and the Government of Canada with respect to responsibilities in the field of education. In recent years there have been major breakthroughs, and particularly I would refer to the technical training program which I believe got under way in 1961.

Since 1961, there has been some $1 billion spent in the construction of new vocational schools. The number of these schools has amounted to 880, and 337,878 new student places have been provided under our Technical and Vocational Training Act. I am sure that this brief review of the statistics will indicate that the problem to which I have referred, that is the shortage of teachers, has been confounded and aggravated by this one program alone.

[Mr. McIlraith.]

I am sure that it must have been an oversight when this particular aspect of the manpower program was organized to have neglected bringing under the regulations a subsidy provision for teacher training of recruits. It seems to me that it would be particularly helpful to the older worker who has been replaced by a process of automation and technological change, and yet has the necessary educational background, to go on to teacher training college and, within the short space of a year, prepare himself or herself for an entirely new career as well as make a very great contribution to the whole upsurge in our educational program.

This obvious oversight came to my attention when I had several people approach me indicating that they had not been able to come under the subsidy retraining schedule. It was a surprise, I found, to even government officials in the regional national employment offices. They tried in every conceivable way to bend the regulations, realizing the importance of a program of this kind. Unfortunately they just could not accommodate these persons within the present terms of the act. As a result, we were only able to assist these people by having them go on welfare during the period they were under training in a teacher training college.

I think it is significant, Mr. Speaker, that in the United States, which has embarked upon a vast program of war on poverty, one of the new programs contemplated by the President in attacking this problem is the provision of a teacher corps. Teaching is essential to any upgrading program. We have a shortage of teachers. We have people who are willing to enter the profession of teaching. I think it would be of great assistance to them if the regulations could be changed to overcome this unwitting mistake that has been made, and a program provided for preparing teachers for general schools.

Before you can accept students into these vocational schools, of course there must be preliminary education. I am sure, therefore I do not have to go any further in this presentation. In view of the fact that potential retraining candidates are now making plans for training courses next year, I trust that some action can be taken as quickly as possible to resolve this difficulty.

• (10:30 p.m.)

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): Mr. Speaker, the hon. member has brought many worth-while points to our attention. At the same time I think it should be pointed

out that the training of teachers is clearly a provincial responsibility. Although it is part of the joint programs between the federal and provincial governments, the initiative in matters such as this rests with the provinces.

Assistance to the provinces in the training of technical and vocational teachers is provided for under program 7 of the Technical and Vocational Training Agreement. The number of persons trained under this program has increased considerably since 1961. In the past five years, 6,200 persons have been enrolled in teacher training courses under this program. The federal government has contributed $1.6 million to the cost of these courses. Since 1961 new technical and vocational teacher training centres have been established, or existing operations expanded, in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. The four Atlantic provinces have jointly expanded the technical and vocational teacher training centre at Moncton.

Much of the foregoing increase in teacher training has been oriented to the preparation of technical and vocational teachers for secondary schools. It is true that teacher training for those engaged in the teaching of adults has not been adequately developed, and consideration is now being given to this aspect of the problem.

Some steps have been taken as a result of recommendations made by various organizations interested in this matter. This summer this department, in co-operation with Carleton University, the Northern Electric Company, the National Research Council and other organizations, is arranging a pilot project course designed to upgrade instructors in electronics. The department is also developing a concise package training course that can be used in teaching adults.

The crucial task at the present time is to raise the general level of skills in the labour force through training. While the vocational training of youths coming up through the school system contributes to this objective, it is essential to increase the scale of training among adult workers, and to achieve that requires an increase in the quantity and quality of teachers.

The National Technical and Vocational Training Advisory Council recommended last fall that the minister develop a plan to increase the number of competent teachers and administrators of technical and vocational courses, and to upgrade and retrain technical instructional staff. This recommendation is now being studied by the department.

In conclusion, Mr. Speaker, may I add that the observations of the hon. member have been noted and will be brought to the attention of the department for further study.

Motion agreed to and the house adjourned at 10.36 p.m.

HOUSE OF COMMONS

Wednesday April 6, 1966

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT

Hon. G. J. McIlraith (Minister of Public Works) moved:

That when this house adjourns on Wednesday, April 6, 1966, it shall stand adjourned until Tuesday, April 19, 1966, at 2.30 o'clock p.m., provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with Her Majesty's government, that the public interest requires that the house shall meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the house shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time, and

That in the event of Mr. Speaker being unable to act owing to illness or other cause, the Deputy Speaker shall act in his stead for the purpose of this order.

Motion agreed to.

SHIPBUILDING

TABLING OF CORRESPONDENCE RESPECTING FUTURE SUBSIDIES

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to table a telegram dated February 22 from the premier of British Columbia to me and my reply dated April 5, concerning future shipbuilding subsidies for vessels built for provincial account, together with a letter dated March 25 from the five federal Liberal members from British Columbia and my reply to them of April 5, 1966.

PUBLIC SERVICE

STATEMENT OF POLICY RESPECTING BILINGUALISM

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like also at this time to make a statement on the government's policy on bilingualism in the public service. I hope the house will agree that the importance of this subject justifies the fact that the statement is a little longer than would normally be acceptable.

It is the objective of the government to make the public service of maximum benefit to the people of Canada by attracting to it the most competent and qualified Canadians available in all parts of Canada. To this end, and having regard to the character of our country, the government for several years has been taking practical steps to encourage bilingualism in the federal public service as part of its fundamental objective of promoting and strengthening national unity on the basis of the equality of rights and opportunities for both English speaking and French speaking Canadians.

In a diverse federal state such as Canada it is important that all citizens should have a fair and equal opportunity to participate in the national administration and to identify themselves with, and feel at home in, their own national capital. The government hopes and expects that, within a reasonable period of years, a state of affairs in the public service will be reached whereby

(a) it will be normal practice for oral or written communications within the service to be made in either official language at the option of the person making them, in the knowledge that they will be understood by those directly concerned;

(b) communications with the public will normally be in either official language having regard to the person being served;

(c) the linguistic and cultural values of both English speaking and French speaking Canadians will be reflected through civil service recruitment and training; and

(d) a climate will be created in which public servants from both language groups will work together toward common goals, using their own language and applying their respective cultural values, but each fully understanding and appreciating those of the other.

• (2:40 p.m.)

In developing measures to assist those now in the public service more effectively to achieve a reasonable proficiency in both official languages and to improve the recruitment of civil servants with this proficiency, the government has been guided by the following principles:

(a) The achievement of bilingualism is in itself a desirable objective for any Canadian citizen. Where the need for bilingualism clearly exists in practice, above all in the

national capital, it should be recognized as an element of merit in selection for civil service positions.

(b) In conformity with the merit system, which must remain unimpaired, the requirement for bilingualism should relate to positions, and not only to individuals.

(c) Bilingualism must be introduced gradually over a period of years in a manner which will not lead to injustice or misunderstanding. The various measures should be integrated into a well defined, long term program.

(d) It must therefore be a requirement of any program that, in areas where a need for bilingualism exists, civil servants and prospective recruits must be provided with adequate time and opportunity to adapt themselves to new conditions in the service in a way that will increase their own possibilities for a successful and satisfying career.

(e) For similar reasons of equity, the careers of civil servants who are not bilingual and who have devoted many years of their lives to the service of their country must not be prejudiced in any way by measures to develop bilingualism.

(f) The government will consult from time to time with civil service associations concerning its policy on bilingualism in order to obtain their point of view, and to provide them with all reasonable assurances and remove any possible misunderstandings in regard to measures being proposed.

On the basis of the above objectives of policy and principles of action the government has approved the following measures:

I. *In respect of civil service positions requiring prior university training*

1. (a) Beginning in 1967, reasonable proficiency in the two official languages or willingness to acquire it within a prescribed period of time through appropriate training at public expense will be an element of merit in the selection of university graduates recruited for administrative trainee positions where the need for bilingualism exists, as is already being done in the case of candidates for foreign service positions.

(b) In those centres where a need exists for reasonable proficiency in both languages, procedures will progressively be established for the filling of executive and administrative positions, so that by about 1970 in the case of appointments from outside the service and by about 1975 in the case of promotions from within, bilingual proficiency or willingness to acquire it will normally be a requirement for the positions in such centres; that is, where a need exists for reasonable proficiency in both languages.

(c) These procedures will not cover at this time the technical, professional and scientific positions in the civil service, the armed forces or federal crown agencies as these categories present special problems. The appropriate departmental and agency authorities are therefore being asked to submit a long term program of effective action in their respective areas of responsibility which takes these special problems and particular difficulties into account.

2. A special pool of positions will be established in the national capital to be used to facilitate the recruitment and to accelerate the development of candidates of high potential who are proficient in both languages.

II. *In respect of senior executive officers*

A special program for improving bilingualism among senior executive officers serving in the national capital will be undertaken. It is envisaged that each year some 20 English speaking civil servants from the most senior categories, plus their families, will spend a 12 month period in a mainly French speaking city, while some 10 French speaking civil servants and their families will spend a similar period in a mainly English speaking city, to study the other official language and gain an understanding of the cultural values of the group they are visiting.

In respect of bilingual clerical and secretarial positions, it has been agreed in principle that a higher rate of pay will be paid in future in respect of clerical and secretarial positions in which there is the requirement for a knowledge of both languages and where both are used in the performance of duties, providing the incumbents of such positions meet standards of competence established by the Civil Service Commission.

The present program of language training will be strengthened and expanded to make the most effective contribution to the development of proficiency in both languages in the public service in those centres where the need for such proficiency exists.

The federal government will undertake discussions with the Ontario and Quebec governments concerning the early establishment of a secondary school in the Ottawa area in which the language of instruction will be French, in order to meet the requirements of those who wish to provide their children with

secondary education in French, and concerning other joint measures that would directly or indirectly contribute to the improvement of the bicultural character of the civil service in the national capital.

A special secretariat on bilingualism is being established within the privy council office under my direction. Working in close consultation and co-operation with the Civil Service Commission, the Treasury Board and all deputy ministers and heads of agencies, it will be responsible for ensuring the co-ordinated and progressive implementation of the government's policy and program regarding bilingualism in the public service.

In conclusion, Mr. Speaker, I should like to express the sincere hope that on the eve of our centennial, all Canadians will share my deep conviction that the policy and program of the government on bilingualism in the public service will be to make a very important, indeed an essential, contribution to the promotion of national unity and to a great and stronger Canada.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I say at once that any action to promote the objective set out in the concluding paragraph of the Prime Minister's speech will, I know, receive the fullest support from this group. Our record during the period we were in office was one of continuing steps forward toward the assurance of full partnership of those of English and French origin in building Canada, without in any way diminishing the rights of those millions from other racial origins.

During our period of office we, for the first time in Canada's history, made the House of Commons bilingual in fact. When I first entered the House of Commons anyone speaking in the French language received even less attention than those of us who spoke in English. Indeed, when a person spoke in the French language the house emptied because so many of the members were unable to follow what was being said. We brought in simultaneous interpretation.

• (2:50 p.m.)

During our period of office we brought about the opportunity for those of French language to have a larger share in high positions of government, something they had not had before. We made provision for the appointment of ambassadors of French language and French origin so that in all parts of the world the character of this country would be made clear.

I mention these things as evidence of our attitude. Indeed, it was under our administration that for the first time there was any recognition of French speaking countries in Africa for assistance from Canada, to the end that in a spirit of co-operation we would thereby epitomize something of the relationship which we have under our constitution. In addition, it was under our administration that Her Majesty's representative in Canada, the Governor General, for the first time since Vaudreuil became a Canadian of French origin. I mention these things merely for the purpose of assuring that the record is clear and not subject to the kind of misinterpretation which it sometimes suffers.

The constitutional rights provided for under the British North America Act, in the opinion of the Conservative party, are inviolable, and cannot be changed except by unanimity. We took the stand in 1946 when Right Hon. Louis St. Laurent was Prime Minister of Canada. When he as a constitutional lawyer expressed the view that the rights of language and education enshrined in sections 91 and 92 could be altered by a simple majority of parliament we said no, that could not be done.

Mr. Pickersgill: He never said any such thing.

Mr. Diefenbaker: That was our stand. That was our attitude, and that attitude still prevails. Indeed, I can do no better than quote Sir John A. Macdonald when, within a year from his death, he expressed what has been the viewpoint of the Conservative party throughout the years. These were his words:

> I have no accord with the desire expressed in some quarters that, by any mode whatever, there should be an attempt made to oppress the one language or to render it inferior to the other. I believe that would be impossible if it were tried, and it would be foolish and wicked if it were possible.

That, Mr. Speaker, has represented our view. Now, at a time when the report of the B and B commission, which has been spoken of in such fulsome terms by members of the government, has not yet been presented, we come to deal, not through parliament but through governmental action, with a major element in the whole field of bilingualism. Under section 133 of the British North America Act use of the English and French languages on an equal basis was recognized in parliament, in the Quebec legislature, in federal courts and in the courts of Quebec. There is also authorization for the publication of federal legislation and legislation in

Quebec in both languages. These are sacred rights.

Sir, there are divisions within our country. There always have been. The Prime Minister hopes that on the eve of our hundredth year of confederation we shall be able to do something to solve those difficulties. We took the stand that in an equal partnership, constitutional rights should be maintained based on mutual respect and recognition. Speaking in February, 1963 on behalf of the government I used these words:

> There have, however, arisen from time to time, questions as to whether Canada, as she approaches the first century of Confederation, has achieved the full measure of the vision of the Fathers of Confederation.

I suggested, with of course the unanimous support of the cabinet and our colleagues in the House of Commons, that there should be convened a national confederation conference, which would deal with certain matters, including those now being dealt with in this rather uncertain, vague and evasive manner. At that time I said:

> The scope of the conference will be of the fullest breadth. It will be asked to study ways and means of repatriating the constitution; the problem of adequate representation in the public service, in crown corporations and other government agencies; the recommendations of the Therrien report—

Which, as Your Honour knows, was part of the report of the Glassco commission. Continuing, I said:

> —the choice of a national flag, and other symbols of our national sovereignty. In brief, the conference will be asked to examine biculturalism and bilingualism in a comprehensive manner.

In the light of events of the last three years, the demand for what was then spoken of has intensified in the intervening years. Sir, tremendous problems are facing us. All kinds of doctrines have been advanced. There was the doctrine of the two nations that was basic to the government three years ago, until the hon. member for Mount Royal decided on a reinterpretation of that concept. There was the theory of opting out, leading to isolation of the province of Quebec. It has now to all intents and purposes gone up in the smoke of the Liberal council fire in Quebec last week.

Then there was the theory of associated states. That was the plaything of the President of the Privy Council for a while who, until the advent of the parliamentary secretary to the Prime Minister, gave the lead to the acceptance of this doctrine.

We took our stand against these things. We were said to be anti-Quebec. The interesting part of it is this. When we stood in this House of Commons against the amending formula, when all the provinces but Quebec had approved of it, it was said by some that ours was an anti-Quebec attitude. Now the premier of Quebec and all his supporters stand where we stood, because we realized that that formula would simply mummify the constitution of Canada.

Mr. Pickersgill: Page the hon. member for Kamloops (Mr. Fulton).

Mr. Diefenbaker: As far as the hon. member for Kamloops is concerned, he is consistent. By the time the President of the Privy Council had monkeyed with that formula, it was changed.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: In view of the interruptions, Mr. Speaker, may I say this—

Mr. Speaker: Order, please. It seems to me that we are now getting away from the statement made by the right hon. Prime Minister which, it appeared to me at least, dealt with bilingualism in the civil service. I suggest to the right hon. Leader of the Opposition that we go to that subject.

• (3:00 p.m.)

Mr. Starr: I rise on a point of order. After all, when he made this announcement the Prime Minister ended with the contention that these measures would bring about unity. What the Leader of the Opposition is doing now is talking about unity.

Mr. Pickersgill: On the point of order raised by the hon. member for Ontario, I suggest it would contribute to the unity of the country if the right hon. gentleman would not misrepresent a former prime minister of this country, who never at any time made the statement attributed to him about sections 91 and 92 of the B.N.A. Act.

Some hon. Members: Oh, oh.

Mr. Ricard: Just read this.

Mr. Speaker: Order. May we have order, please.

Mr. Diefenbaker: I did not make it clear, apparently, to Your Honour that what is being done today affects just one sector of the question of bilingualism and that the problem should be dealt with as a whole instead of by the adoption of a piecemeal system.

The Minister of Transport referred to a former prime minister. I would point out that his guardian angel, Right Hon. Mackenzie King, never engaged in this kind of thing in all the years when he was in a position to do so, and he had all the support of French Canada in doing nothing.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: But the last thing I want to do, Mr. Speaker, is to provoke controversy.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I am trying to quieten it. There was a great blowing of trumpets as to what would be done in connection with the civil service. Throughout the election campaign we were told what was going to be done. There were promises as to what the government would do. Why did they not consult with the civil service organizations of Canada before proceeding along the line they have followed?

Mr. Sharp: We did.

Mr. Diefenbaker: What is the reason? The statement made by the Prime Minister said:

> The government will consult from time to time with civil service associations concerning its policy on bilingualism in order to obtain their point of view—

In other words, we are going to do the thing and then we are going to consult. That is not the attitude which will bring about unity within the nation.

I want to know this, and I think there is reason for my asking the question. What about the 10 per cent merit points which were spoken of so highly very recently and which were announced by the chairman of the Civil Service Commission of Canada? We see nothing about that in the statement. The chairman of the Civil Service Commission said he had a right to bring in these things. I say the Civil Service Act was never intended to be interpreted in this way, and if there are to be any changes in the Civil Service Act those changes should be made in this parliament, not under general sections taken advantage of by the chairman for the purpose.

I want to know whether this 10 per cent additional merit mark is in effect. If it is, I would point out that the civil service employees' organization of the province of Quebec has come out against it as being discrimination against those of French origin. Is this system in effect?

Now, what about some of the other changes? It is most desirable to bring together 20 English families in a French area and 10 French families in an English area, but that is just the icing on the program. It is a fine thing to have the necessary training facilities so that civil servants may become proficient in both languages. But these arrangements are mainly directed toward the future; 1970. After 1970 there will be no promotion unless a candidate is proficient in both languages or expresses a willingness to become so. Recruitment at university level after 1967 will require reasonable proficiency in the two official languages, or willingness to acquire it within a prescribed period of time.

Then the statement goes on to utter these pious words; that the merit system will be fully protected and there will be no prejudice to career civil servants. If the government carries this plan into effect, those words simply are not factually correct. There must be greater assurance that those who are today in the civil service will not, as a result of changes made after their entry into the civil service, be prejudiced in any way.

I shall not go into the other details. Believing as I do in the need of measures to encourage equal partnership—to do what we did, in large measure, to increase the fields of opportunity for those of the French language and race who previously were denied reasonable equality of opportunity—we think this whole matter should be referred to a committee of the House of Commons to secure the fullest possible information and the latest statistics thereon. And then the Civil Service Act should be rewritten by parliament, not by interpretation on the part of the chairman of the Civil Service Commission.

We believe that since this matter is a segment of the larger question of Canadian unity, action such as this should not be taken until the report of the B and B commission is available, and that in any event only such action should be taken as would bring about in this nation a new sense and recognition of the contribution of the two basic races, and of the other races. This was our plan in 1963, which was prevented from implementation only by our defeat at the polls. We had in mind the convening of a national conference on confederation whose purpose and aim would be a declaration of goals for the next 100 years. This provides the only way in which we as Canadians, can satisfactorily look forward to the second century.

Bilingualism in Public Service

[*Translation*]

Mr. David Lewis (York South): Mr. Speaker, we of the New Democratic party are glad to learn that the government has finally taken steps to establish bilingualism in the federal public service.

In my opinion, no one who fully understands the history of Canada can have any doubt that one of the deepest and most legitimate grievances suffered by French speaking Canadians is that they did not feel at home even in their own federal capital.

Some hon. Members: Hear, hear.

Mr. Lewis: I think it is to be deeply regretted also that we had to face a grave national crisis before we had the common sense and understanding to take the necessary action, which is probably essential to the future of our country.

I should like to underline the fact that the policy I just mentioned has always been advocated by the New Democratic party. As a matter of fact, the resolution on that subject passed by our party's national convention in 1963 read as follows:

> In the federal public service, we should officially recognize the equality of both cultures and take accordingly the following steps:
>
> (a) After a reasonable period of transition, bilingualism should become a condition for admission or promotion in the federal public service.
>
> (b) A language school should be established for civil servants who wish to become bilingual. Courses at such a school should be given during working hours.
>
> (c) French and English should be recognized as working languages in the federal public service.

Mr. Speaker, I hope that today's statement of government policy is but the first step in a direction that will lead us toward a true and rewarding unity that will hold the brightest prospects for the future of our country.

Some hon. Members: Hear, hear.

• (3:10 p.m.)

[*English*]

Mr. Lewis: Mr. Speaker, I will not be much longer, because I do not think it would serve a useful purpose for the unity of our country to introduce recriminations and exchange mere needles when we are dealing with a subject which is of such fundamental importance to the future of Canada.

I say, Mr. Speaker, it is a commentary on our failure for decades that on April 6, 1966 the Prime Minister has to admit that it is not now the practice for oral or written communications within the service to be made in either official language; that by implication he has to admit that it is not now the practice that communications with the public being served are normally carried on in either official language, and that it is not now the practice for the linguistic and cultural values of both English and French speaking Canadians to be reflected throughout the civil service recruitment and training.

I feel it is a commentary on the failure of past governments of both the established parties that almost a century after the founding of our country, with both English and French established as official languages, the Prime Minister in a statement to parliament has to admit that, in fact, the civil service has not been bilingual, and that none of the elementary things that would be required have in fact been done.

An hon. Member: What about Saskatchewan.

Another hon. Member: You are needling.

Mr. Lewis: Mr. Speaker, if the hon. gentlemen to my right and far right want to make reference to Saskatchewan or any other province, I will be delighted to debate it with them at the right time and in the right place. At the moment they might perhaps for a change leave aside their normal propensities and deal with the matter before the house.

Mr. Starr: Why do you not deal with it.

Mr. Lewis: In the Prime Minister's statement, Mr. Speaker, I noticed the suggestion that from now on he will consult from time to time with the civil service organizations in order to implement the policy he has outlined. One of the things we have regretted is that this was not done sufficiently before the policy was made and before the policy was stated. I hope the Prime Minister's statement will be carried out fully, and that the civil service staff organizations will be consulted at each step in respect of future implementation of the policy.

May I suggest finally that in order to get into the civil service, bilingual university graduates not only from the general arts courses but including also the technical, professional and similar graduates who are left out of the immediate plan, it will be necessary, in our submission, to start with the undergraduates in the universities and plan to open up for them opportunities for bilingual positions in the civil service so their undergraduate days will be given to training themselves precisely for such careers.

Mr. Speaker, on behalf of the New Democratic party I welcome this statement of policy as a first step—and unfortunately it is only a first step, and we all are responsible for this situation—in the direction of a genuinely bilingual and bicultural Canada.

Mr. Réal Caouette (Villeneuve): I wish to congratulate the hon. member for York South, Mr. Speaker, for the way he expressed himself in such fluent French. I thought the Leader of the Opposition and the Prime Minister would have done so also, but they did not. I hope they will become bilingual as soon as they can so that we will hear from them in French.

[*Translation*]

Mr. Speaker, I think the whole house is rejoicing at this statement of the Prime Minister on bilingualism in the Civil Service of Canada.

I take this opportunity not only to congratulate those civil servants who are currently taking language courses either in French or in English in order to master the two languages, but also to congratulate many federal members on all sides of the house who are at present taking language lessons to become fluent in one or the other official language of the country.

Mr. Speaker, I would now add that for four years the Ralliement Créditiste has exerted superhuman effort constantly to assert the existence of the French fact in Canada.

I maintain we have made a large contribution—and we are proud of it—to the decision the government has taken to do what is being done now.

The Leader of the Opposition (Mr. Diefenbaker) said a little earlier: We have had in the past Prime Ministers who did not pay any attention to the French fact, and in spite of that they received the full support of the French Canadian element or, in other words, the element of the province of Quebec. It is the case of the Mackenzie King government which lasted almost 30 years in Canada.

The English in the west are not to blame if we had sheep in Quebec, but we proved during those years that we had here sheep instead of people, capable of having the spirit and the letter of the constitution respected.

I think that we are now 50 years late. An old proverb says that it is never too late. Well, at the present time the attitude of the government is useful to the population as a whole. This does not mean that we will not have or that we will not see again narrow-minded elements or people in various regions of the country, including the province of Quebec. Those narrow-minded people are the ones who hindered Canadian unity in the past.

One of the objectives of that new policy is found in the statement made by the Prime Minister (Mr. Pearson). I quote here paragraph (d) on page 2:

> (d) a climate will be created in which public servants from both language groups will work together toward common goals, using their own language and applying their respective cultural values, but each fully understanding and appreciating those of the other.

That is the attitude which the Ralliement Créditiste is advocating not only here in parliament but in the province of Quebec because we claim that it is not by practising discrimination against others that we will move upward, but it is by showing the greatest respect for others that we will gain the respect of our fellow-citizens. It is time that the position of the province of Quebec on that point should be known and even more so because all English speaking Canadians will be given the opportunity to learn French and all French speaking Canadians to learn English.

Mr. Speaker, along with those people, we will realize the benefits that this understanding will create and will bring about for the greater good of Canadian unity throughout the country.

Mr. Speaker, we heard a little earlier the Leader of the Opposition talk about the divisions which exist in the country. Those divisions are of long standing, they have been existing as long as Canada itself. We had people who pulled on one side for their benefit and others who tried to pull their way for the same reason. Those people did not meet. Communications at that time were very hard to establish, so that the lack of contacts, of meetings, prevented national unity from becoming a reality. We heard English people, Anglo-Saxon people, English speaking Canadians talk against the province of Quebec, against our language, our traditions, our religion, and we had at that same time people in our province who talked against the Anglo-Saxon or English speaking Canadians for the same reasons or practically the same.

This means that there were fanatics on both sides. The same is true today. There are fanatics even here in the federal parliament, people who cannot see further than the end of their noses and who, therefore, refuse to

face the possibility of building a self-respecting Canada, a Canada composed of such elements as will enable it to develop and grow with honour and dignity.

Mr. Speaker, here is another point in the statement made by the right hon. Prime Minister:

> It must therefore be a requirement of any program that, in areas where a need for bilingualism exists, civil servants and prospective recruits must be provided with adequate time and opportunity to adapt themselves to new conditions in the service in a way that will increase their own possibilities for a successful and satisfying career.

At this point, Mr. Speaker, I endorse exactly the statement of the hon. member for York South (Mr. Lewis) that Quebeckers did not feel at home in Ottawa. There is some truth in that. People from the province of Quebec hardly felt at home in their own province, in many cases, for instance, as concerned the administration of the R.C.M.P., Air Canada or the C.N.R., it was required that reports from Chicoutimi or places where English is virtually unknown, be sent in English to the head offices of the various crown corporations.

Mr. Speaker, not a single other province in Canada would have tolerated what the province of Quebec has put up with since confederation. It is time for a change. It is time that the province of Quebec be respected and that it be treated as an equal as every one just said; then, we will be able to walk with our heads up, hand in hand, toward a united Canada which will develop allowing all its citizens to go forward respecting each other.

Mr. Speaker, the Ralliement Créditiste is very pleased with the decision of the government. We are going to watch what will be done tangibly, and what will be done on a practical basis following this new bilingualism or federal bilingualism policy.

Mr. Speaker, all members of my group are pleased with this initiative of the government and we urge it to hold out in all parts of the country, from coast to coast, so that all Canadians regard themselves as Canadians, not as opponents.

• (3:20 p.m.)

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I am sure every one in this house shares the sincerity and concern of the Prime Minister as expressed in the last paragraph of his presentation to the house, in which he said:

> I...hope that on the eve of our centennial, all Canadians will share my deep conviction that the policy and program of the government on bilingualism in the public service will make a very important, indeed an essential, contribution to the promotion of national unity and to a greater and stronger Canada.

I believe the Prime Minister was sincere in making that statement, and that this is something to which all of us in this house can subscribe. It is my duty, I think, to say a few things in addition to what has already been said to re-emphasize the position of the Social Credit party and of myself, in our concern and conviction that Canada must achieve more unity than she has at the present time. We must go forward together to prove to the world that peoples of diverse backgrounds can live together in peace and harmony.

As a Canadian who is not a member of either of the founding races of this country I say that we have in our heritage not only an English and French speaking background but the backgrounds of those people who came from many parts of the world, with a combined force that can build unity and set an example to the world at a time when the world needs unity perhaps more than ever before.

I am concerned about several things, because I do not think the policy enunciated by the Prime Minister will achieve what he has expressed as being the goal of the government. A number of developments are taking place that I believe ought to be of concern to every one of us in Canada, even though we agree with the objective to which the Prime Minister referred.

Approximately two years ago the government established a royal commission on bilingualism and biculturalism. It was given the responsibility of reporting back to this house and to the people of Canada on the state of bilingulaism and biculturalism in this country. By the end of this year, as we learned the other day, this commission will have spent some $6 million, yet we still have not received a report and we do not know when one will be forthcoming.

If one looks at the press reports of today he will find that the B and B commission staff are fighting among themselves about the very things they are supposed to solve. One side calls the other immature spoiled brats, and they in turn refer to the other as a privileged class who will not consider the rights of everyone. When we see what is happening in

the B and B commission we realize that this approach is causing more disharmony in the nation than it is in providing solutions to the problems which it was established to consider. The thing that bothers me in this regard is that the government is moving ahead of this commission, which is spending millions of dollars to find an answer to the problem, and in doing so it is going on its own way.

Most of us in this house agree that in the past we have had one of the finest civil services of any nation in the world. The dedication of the type of people who are in our civil service is something we can be proud of. I suggest to the Prime Minister that at this time the morale of the civil service is in a shambles because on the one hand the reorganization of the government has not been clear and specific, while on the other, in relation to bonuses to be paid to persons who speak both languages, the government is moving ahead of the royal commission before considering the overall question or completing the necessary consultations.

I cannot understand why the Prime Minister and the government are moving ahead of the royal commission, and why they do not call for a report at this time. The members of the commission staff are not even able to get along or work together to find solutions to the problems, yet they are spending millions of dollars. One wonders how they can spend so much money, unless they are standing on the street corners throwing it away to the public.

• (3:30 p.m.)

It is about time this report was called for. After we have had a chance to study it I think the Prime Minister might be in order in making the same presentation as he made today. The Prime Minister has mentioned the fact that he is going to bring together the departments of education of Ontario and Quebec in order to talk about setting up a French language school in the capital city. I would remind him that there happens to be eight other provinces in this country apart from those two. For all these provinces and their people Ottawa is the capital of our nation too, so I consider that any program should be much broader than the one mentioned by the Prime Minister.

I would also remind the Prime Minister, as a point of interest, that last year the school board in this city attempted to set up a French secondary school. The school board gave its complete support to this proposal but only 140 people—this figure includes both English and French speaking citizens—expressed any interest in the school, and only 43 of these people were within the boundaries of Ottawa.

It seems to me that the Prime Minister, in spite of his sincerity and desire in making 1967, our centennial year, a year of unity, is moving ahead of himself and in so doing is defeating the very objective which is his and to which I believe he is dedicated. I believe that the Prime Minister, in view of what he has said today, has an obligation to this house, to the country and to the government he leads to call for the report of the B and B commission immediately; because, if we are to proceed with the policy he outlined today, there is no justification for that commission continuing its work.

The objective of unity in this country is one that I share and believe in with all my heart, because if we in Canada cannot live together in unity and develop a cohesive nation, what hope is there for the rest of the world? We might look at two examples in this connection; one is Switzerland and the other Belgium. Switzerland is a trilingual country in which the people get along and work together in harmony, as we hope we can in Canada. On the other hand there is in Belgium a situation that is tending to disrupt that little country. I would hope that the policies to which the Prime Minister is dedicating himself will not make a Belgium out of Canada rather than achieving the real objective of unity that we need and which is demonstrated by Switzerland.

[*Translation*]

Mr. Speaker: I take the liberty of drawing the attention of the hon. member for Sherbrooke, who apparently wishes to participate in the discussion, to the fact that the provisions of standing order 15, paragraph (2a), do not allow him to speak now.

[*English*]

NORTHERN AFFAIRS

STATEMENT ON NATIONAL WILDLIFE POLICY

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, on behalf of the Minister of Northern Affairs and National Resources, who has had to leave, I seek the consent of the house to table a statement in English and in French on a national wildlife policy and program. Because of its length I shall not attempt to read the statement. Copies were distributed to the party leaders and later today will be in the hands of all members of the house.

I do wish to say that this resource is of such great value that it has been the subject of extended discussion with and co-operation by all the provinces, and that we intend to discharge in full our responsibilities under the migratory birds treaty.

I shall say only that the government will build up its force of biologists and scientists and make their services available to the provinces. Because we recently announced a federal migratory bird licence, popularly known as a "duck stamp", I think it will be agreed that the policy and program I shall table today is of sufficient importance to be printed in *Hansard* of today, and if I have the permission of the house I would ask that it be printed as an appendix.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

[*Editor's note: For text of statement referred to above, see appendix.*]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, the minister has been kind enough, as has been indicated, to provide copies of the comprehensive statement on wildlife policy. Having had an opportunity to peruse that presentation I should like to make one or two comments.

I noticed that the Minister of Veterans Affairs, in presenting the statement, referred to the ten provinces concerned. I have already been reminded by my worthy colleague the hon. member for Yukon (Mr. Nielsen) that there are two territories involved in this presentation. I can assure the hon. member for Yukon that the policy as outlined and as it will appear in *Hansard* covers the two territories as well.

The statement indicates that the government has been studying the reports that came out of the resources for tomorrow conference. It is unfortunate that we have not had a government statement on the matter before today because, as all hon. members are aware, that conference took place some five years ago in the city of Montreal. I think it is happy timing, now that this announcement has been made, that it comes on the eve of national wildlife week. It is of course well known that the celebration of this week commences April 10. It is an occasion that is dedicated to the memory of one who is known as the father of conservation, the late Jack Miner. I think it is also significant that it comes in the year in which we shall be observing the fiftieth anniversary of the signing of the international migratory birds treaty.

I should like to have spoken at greater length on the matter, but I realize that a considerable amount of time has already been taken up in the course of this afternoon's sitting. I would emphasize once again that the time is long past due when we must come to grips with the problem of wise management, on the basis of the multiple use concept, of our renewable resources. This will require implementation of policies at all levels of government.

The statement as I read it is a rehash of many of the ideas, as I have already indicated, that came out of the resources for tomorrow conference. If we are to have government action on these matters the promise that was made almost a year ago to the resource ministers council, when the Minister of Northern Affairs and National Resources indicated that a wildlife act would be implemented, must be fulfilled at the earliest possible moment.

I think, too, that the problems of co-ordination, because of the jurisdictional difficulties in the management of our wildlife, must be submitted more frequently and with more vigour and enthusiasm to the resource ministers council and secretariat. I hope this organization will be revitalized and will do the job that was intended for it when it was set up some five years ago. This will require intergovernmental co-operation as well. I notice this matter is referred to in the statement.

Above all we must pay tribute to the excellent work that is being carried out by private groups in the resource field. I refer to the Canada Wildlife Federation, which was one of the direct results of the resources for tomorrow conference and is carrying on a major role in the public information sector of responsibility. The same applies to the Audubon Society, and sanctuaries such as the Jack Miner sanctuary and the Alberta game farm. The statement reaffirms principles that were laid down five years ago and is a major breakthrough in dealing with this long delayed problem. I hope that the statement will be followed by government action.

• (3:40 p.m.)

Mr. H. W. Herridge (Kootenay West): First of all, Mr. Speaker, on behalf of our leader I want to thank the minister for his foresight in sending him a copy of his policy and

program statement. As one who has had a lifetime interest in wildlife, and as a member of a party whose policy has always been the maintenance of wildlife in Canada, I should like to congratulate the minister upon the announcement of a national wildlife policy and program for our country.

I presume this announcement is the end result of the resources for tomorrow conference that was called in Montreal, in 1961. I must emphasize the fact that this is the first detailed statement of policy in this respect we have had since the calling of that conference. I do not underestimate the work that was done either in calling the conference or at the conference itself. I am pleased the minister did provide for his full statement to be included as an appendix to *Hansard* today. This is very interesting to large numbers of organizations in this country that have worked for the conservation of wildlife and fish resources in Canada, as well as many other persons. I am sure that as a result of the previous announcement by the Prime Minister respecting the civil service, and this very important announcement, many thousands of copies of *Hansard* for this day will be ordered.

We are very pleased with the minister's announcement of a general wildlife policy which will provide for research into the relationship between wildlife and forests and their effect on wildlife populations. We are pleased that federal research services may be provided to the provinces on request, and that the federal government may support research and management related to wide ranging wildlife populations. Furthermore, we are glad to know that the federal government information program will be designed to serve the interests of all governments wherever situated in Canada.

The first requisite for research into this problem, Mr. Speaker, is a sufficient number of professionally trained staff to undertake research and to administer a policy program when it is implemented. We are very pleased to know that Canadians will have an opportunity to share in the use of our wildlife resources and in the cost of their maintenance. In that respect I have read the announcement carefully and I think it is a very imaginative suggestion on the part of the minister that we should be prepared to enjoy our wildlife and fish resources and to share in the cost of their maintenance and development.

This party is very pleased that the general policy will be applied to the Yukon and Northwest Territories. This party is pleased to note that opportunities will be sought to promote intergovernmental consultation, and that existing arrangements for consultation and co-ordination among various federal agencies will be reviewed with a view to improving the situation as it exists today. The control of the migratory bird harvests will require consultation and co-operation with the wildlife agencies of the United States.

I cannot resist mentioning at this time, Mr. Speaker, that I look forward to this co-operation on the part of the wildlife branch of the minister's department with similar agencies in the United States. We know already that the national wildlife agencies in the United States have expressed their opposition in the strongest terms possible to the proposal made by the North American Power Alliance for the development of our northern waters. I presume also that the proposed Canadian wildlife branch will offer its services to the government of British Columbia for research into the effect of the Columbia treaty projects and the Peace river power development on wildlife and fish in these vast areas to be flooded.

We hope, as a result, some sound solution will be found to the present problem. This program does offer an opportunity, in the opinion of this group, for the participation of organizations and persons that have been interested in this very important question. I am sure, as I said before, it will be welcomed by all those organizations; the wild life federations of Canada and British Columbia, rod and gun clubs and many other groups. We hope the minister will consider also along with this program, as has been mentioned before, the need for a Canadian conservation college to train young men to administer a program such as this. I also trust, Mr. Speaker, that this announcement is just a prelude to the announcement of a national water policy for Canada.

HOUSING

STATEMENT RESPECTING WINTER HOUSE BUILDING INCENTIVE PROGRAM

Hon. J. R. Nicholson (Minister of Labour): On several occasions during the past few weeks, Mr. Speaker, members of this house including my colleague the Minister of Veterans Affairs and officials of Central Mortgage

and Housing and of the Department of Labour, have discussed with me the matter raised in the question asked yesterday by the hon. member for Winnipeg North Centre, namely the effect of the flood conditions in Manitoba on the termination date of the winter house building incentive program.

I should like to say, first of all, that some general representations have been received from a few other areas to the effect that the time for completion of houses under the winter house incentive program be extended beyond April 15. These representations have been based on a variety of factors, including climatic conditions and shortages of labour and materials.

Hon. members will recall that during the previous two winters the termination date for construction under this winter house building program was originally set for March 31, but in each case was extended to mid-April. At the commencement of this winter's program the experience of the two previous years was assessed, and it was decided that the terminal date should be established as April 15. In view of this decision, and after reviewing the experience generally throughout Canada this winter, the government is not disposed to consider any further general extension of the period.

The situation in parts of Manitoba, however, is quite different. There is a possible disaster owing to the flood situation in the area between Emerson and Winnipeg. It is not practical, and in many cases not possible, to continue the construction of houses in flooded or potentially flooded areas. In fact I understand Emerson is being evacuated today.

Accordingly the government is giving the winter house building program in the potential disaster area careful study, and special provision will be made with reference to the completion of houses in all areas of Manitoba directly affected by the flood condition. The exact number of houses which may be affected by the flood conditions is not known, but officials of the Department of Labour and the Central Mortgage and Housing Corporation have been requested to examine each case to determine to what extent a delay in construction has been caused by factors related to the current flood situation in Manitoba. Details as to the special action to be taken will be worked out as circumstances develop.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, whether or not the decision of the government not to extend the April 15 date generally is valid, I should like to express appreciation on behalf of the people of Manitoba for the latter part of the announcement the Minister of Labour has just made. The weather has not been particularly kind to us this winter in the Manitoba area. The result has been certain delays. As the minister pointed out, right now the situation is difficult. Work is actually proceeding on some houses that are behind the dikes, and an effort is being made to complete these by April 15 in order to get the $500 winter bonus. However, if the dikes fail these very houses could be flooded. It is that situation which many of us from Manitoba have directed to the minister's attention. That is the situation we have asked him to deal with.

The statement he has now made that consideration will be given to paying a bonus on houses flooded for work done after the flood waters have receded is a very sensible one. I am glad to know the officials are keeping close watch on the situation. On behalf of all of us from Manitoba I thank the minister for this statement.

• (3:50 p.m.)

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, we would join in expressing appreciation to the minister for the action which is contemplated in connection with the flood situation in Manitoba as it affects the house building program. I speak sincerely in this regard, because I lived for many years in Manitoba not too far from the affected area, and still have fond memories of my Manitoba days.

However, I should like to call attention to the fact that I am now living in the province of British Columbia, and in recent days have had the opportunity and the occasion to discuss with the minister the possibility of extending this particular program and the period it covers to other parts of Canada. He advised me of the decision which has been outlined this afternoon, that as far as the general application of the regulations is concerned the government is not proposing to make any change.

May I say, Mr. Speaker, that this is discriminatory action; because if we can blame the flood situation in Manitoba on God and say that it is an act of God, possibly we can say this of the storms and wintry conditions which seriously interfere with the house construction program elsewhere. So in thanking the minister for what is being done I would remind him that he is discriminating against other areas in Canada which have suffered

adverse weather conditions, resulting in people being unable to meet the deadline.

LIBRARY OF PARLIAMENT

CONCURRENCE IN REPORT OF JOINT COMMITTEE RESPECTING SALARY REVISIONS

Hon. G. J. McIlraith (Minister of Public Works):

That the report of the joint committee of both houses on the library of parliament relating to salary revisions, reclassifications and upgrading of positions in the library of parliament, presented to the house on Thursday, March 24, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

C.N.R. PENSION RATES

Question No. 300—**Mr. Laprise:**

1. What is the basic pension rate granted to the pensioners of the Canadian National Railways?

2. When was the rate of that pension last increased?

3. Have there been requests for increasing this basic rate?

4. Will the C.N.R. increase this pension soon?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advise as follows:

1. The basic pension under the C.N. 1935 plan is $25 a month. This is paid to all members of this plan who entered service prior to January 1935 and have at least 15 years of allowable service and to those who entered service subsequent to December 31, 1934 and have at least 20 years of allowable service. (Under the 1959 pension plan, there is no basic rate as pensions are based on allowable service and average earnings.)

2. The basic pension has not been increased.

3. Representations have been made from time to time to increase the basic pension.

4. No.

PRINCE RUPERT, B.C.—HOUSING ACCOMMODATION FOR FEDERAL EMPLOYEES

Question No. 308—**Mr. Howard:**

1. What type and size of houses are provided for government employees in the air services of the Department of Transport in Prince Rupert, what rent is charged therefor, and/or are any housing allowances provided and, if so, what are the details thereof?

2. What type and size of houses are provided for government employees in the marine services of the Department of Transport in Prince Rupert, what rent is charged therefor, and/or are any housing allowances provided and, if so, what are the details thereof?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Seven duplexes and one single dwelling described as three bedroom basementless frame construction, having an area of approximately 944 sq. ft.

These houses are provided by Central Mortgage and Housing Corporation and the department pays $135 per month for each unit to C.M.H.C.

Rental charges to employees vary between $77 and $80 per month and employees purchase their own electricity and heating fuel. These rental charges are based on the public service accommodation regulations.

2. Two dwellings, one is a two storey, three bedrooms, basementless detached house, with carport, having an area of 576 sq. ft., and the other is described as one half of a semi-detached building identical in size and description, except that no carport is provided.

The first dwelling is on permanent lease from Air Services and C.M.H.C. and the second one has been made available to marine services on a temporary agreement with air services until the fall of 1966. The rental charges are $80 per month for the detached house with carport and $75 per month for the one half semi-detached dwelling without carport. The employees pay for heat and electricity.

WORKING CONDITIONS, COAST GUARD VESSELS

Question No. 314—**Mr. Douglas:**

1. (a) How many days, on the average, do the masters and officers of the Canadian Coast Guard vessels *Racer* and *Ready* work each year (b) how does this differ from the average days worked by masters and officers on comparable commercial vessels using the same type of watch system?

2. (a) How many hours per year does this average out to (b) how does this differ from the hours per year worked on comparable commercial vessels?

3. (a) How many days off do the masters and officers receive in addition to annual leave and statutory holidays (b) how does this differ from the days off allowed on comparable commercial vessels?

4. (a) What is the rate of pay for masters and officers on the *Racer* and *Ready* (b) what is the rate of pay for masters and officers on comparable commercial vessels?

Questions

5. (a) When on leave, are masters and officers of the *Racer* and *Ready* required to be on a stand-by basis (b) how does this differ from the practice followed on comparable commercial vessels?

6. (a) Is compensatory leave granted to masters and officers of the *Racer* and *Ready* for Saturdays and Sundays worked (b) how does this differ from the practice followed on comparable commercial vessels?

7. Are the masters and officers of the *Racer* and *Ready* covered by all provisions of the Canada Labour (Standards) Code?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. (a) The masters and officers of the Canadian Coast Guard vessels *Racer* and *Ready* work an average of 225 days each year. (b) The Canadian Coast Guard is a government service, performing specialized non-commercial functions with specialized vessels in fields in which there is no commercial counterpart.

2. (a) These officers work an average of 2,700 hours per year. (b) See answer to part 1 (b).

3. (a) These officers are off duty an average of 121 days per year, excluding 10 days' annual leave and 9 days' statutory holidays; after 15 years' service they have an additional five days' annual leave per annum. (b) See answer to part 1 (b).

4. (a) The rates of pay are currently: masters $6,998; chief officer $6,228; second officer $5,148; chief engineer $6,716; second engineer $6,228; third engineer $5,148. The above rates are presently being re-examined. (b) See answer to part 1 (b).

5. (a) When on leave masters and officers of the *Racer* and *Ready* are not required to be on stand-by duty. (b) See answer to part 1 (b).

6. (a) Compensatory leave is granted to the masters and officers of these vessels for Saturdays and Sundays worked, and this leave is incorporated within the work cycle; these officers work an average of 56 hours per week, they serve on the vessel four weeks and are off duty two weeks. (b) See answer to part 1 (b).

7. The employees of the Canadian Coast Guard service are in the same position in this respect as other federal employees.

C.N.R. EMPLOYEES

Question No. 347—**Mr. Mather:**

1. What was the number of C.N.R. working personnel, including trainmen and shop staff members, in 1960, 1963 and 1965?

2. What was the number of C.N.R. managerial level employees in the same years?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advise as follows:

The requested information which is published annually by the Dominion Bureau of Statistics in Part 6, "(Employment Statistics) of Railway Transport" is as follows. The figures for the year 1964 are shown as those for the year 1965 are not yet published.

	Total Employees (Canadian Lines)	Total Managerial Supervisory (Canadian Lines)
1960	96,227	6,587
1963	85,591	7,758
1964	86,341	7,771

WAR VETERANS PENSIONS

Question No. 473—**Mr. Laprise:**

1. In 1920, what was the maximum pension a war veteran, either (a) married, or (b) single, could receive from the government?

2. When was the annual rate of this pension increased and what was the amount of each increase?

3. From 1920, what comparisons can be established between (a) the rise of the cost of living, and (b) the increase of that pension from year to year?

Hon. Roger Teillet (Minister of Veterans Affairs): 1. In 1920 the maximum pension received by (a) a married veteran was $1,200 per annum. Additional pension for one child was $180 per annum; two children $324 per annum; each subsequent child $120 per annum. (b) a single veteran was $900 per annum.

2. Pensions were increased as follows:

Effective Date	Single Pensioner	Married Pensioner	One Child	Two Children	Each Subsequent Child
			(rates per annum)		
1 Oct 47	$228	$300	$48	$84	$24
1 Jan 52	372	540	12	12	No change
1 Jul 57	300	360	No Change	No change	No change
1 Mar 61	360	480	84	144	48
1 Sep 64	240	288	36	60	24

3.

DEPARTMENT OF VETERANS AFFAIRS

Veterans disability pension rates in current dollars and constant dollars, 1920-1965.

Year	100 per cent pension rates[1] in current dollars			Consumer price index (1949=100)	100 per cent pension rates in 1949 dollars		
	Single	Married with no children	Married plus 2 children		Single	Married with no children	Married plus 2 children
	$	$	$		$	$	$
1920	900	1,200	1,524	93.6	962	1,282	1,628
1921	900	1,200	1,524	82.4	1,092	1,456	1,850
1922	900	1,200	1,524	75.4	1,194	1,592	2,021
1923	900	1,200	1,524	75.6	1,191	1,587	2,016
1924	900	1,200	1,524	74.3	1,211	1,615	2,051
1925	900	1,200	1,524	75.0	1,200	1,600	2,032
1926	900	1,200	1,524	75.8	1,187	1,583	2,011
1927	900	1,200	1,524	74.5	1,208	1,611	2,046
1928	900	1,200	1,524	74.8	1,203	1,604	2,037
1929	900	1,200	1,524	75.7	1,189	1,585	2,013
1930	900	1,200	1,524	75.2	1,197	1,596	2,027
1931	900	1,200	1,524	67.8	1,327	1,770	2,248
1932	900	1,200	1,524	61.6	1,461	1,948	2,474
1933	900	1,200	1,524	58.7	1,533	2,044	2,596
1934	900	1,200	1,524	59.5	1,513	2,017	2,561
1935	900	1,200	1,524	59.9	1,503	2,003	2,544
1936	900	1,200	1,524	61.1	1,473	1,964	2,494
1937	900	1,200	1,524	63.0	1,429	1,905	2,419
1938	900	1,200	1,524	63.7	1,413	1,884	2,392
1939	900	1,200	1,524	63.2	1,424	1,899	2,411
1940	900	1,200	1,524	65.7	1,370	1,826	2,320
1941	900	1,200	1,524	69.6	1,293	1,725	2,190
1942	900	1,200	1,524	72.9	1,235	1,646	2,090
1943	900	1,200	1,524	74.2	1,213	1,617	2,054
1944	900	1,200	1,524	74.6	1,206	1,609	2,043
1945	900	1,200	1,524	75.0	1,200	1,600	2,032
1946	900	1,200	1,524	77.5	1,161	1,548	1,966
1947	1,128	1,500	1,908	84.8	1,330	1,769	2,250
1948	1,128	1,500	1,908	97.0	1,163	1,546	1,967
1949	1,128	1,500	1,908	100.0	1,128	1,500	1,908
1950	1,128	1,500	1,908	102.9	1,096	1,458	1,854
1951	1,128	1,500	1,908	113.7	992	1,319	1,678
1952	1,500	2,040	2,460	116.5	1,288	1,751	2,112
1953	1,500	2,040	2,460	115.5	1,299	1,766	2,130
1954	1,500	2,040	2,460	116.2	1,291	1,756	2,117
1955	1,500	2,040	2,460	116.4	1,289	1,753	2,113
1956	1,500	2,040	2,460	118.1	1,270	1,727	2,083
1957	1,800	2,400	2,820	121.9	1,477	1,969	2,313
1958	1,800	2,400	2,820	125.1	1,439	1,918	2,254
1959	1,800	2,400	2,820	126.5	1,423	1,897	2,229
1960	1,800	2,400	2,820	128.0	1,406	1,875	2,203
1961	2,160	2,880	3,444	129.2	1,672	2,229	2,666
1962	2,160	2,880	3,444	130.7	1,653	2,204	2,635
1963	2,160	2,880	3,444	133.0	1,624	2,165	2,589
1964	2,400	3,168	3,792	135.4	1,773	2,340	2,801
1965	2,400	3,168	3,792	138.7	1,730	2,284	2,734

[1] Pension rates are shown for the year in which they became effective.

Questions

FLYING OF ROYAL UNION FLAG

Question No. 572—**Mr. Macquarrie:**

1. In how many centres in Canada and abroad and over what buildings did the Royal Union flag (Union Jack) fly by direction of any department or official of the Dominion Government on May 24, 1965?

2. On what occasion other than Victoria Day (May 24) would the Royal Union flag be appropriately flown on the courtesy flag staff on Parliament Hill?

3. What commonwealth leaders on visits to Ottawa have been or would be appropriately honored by flying the Royal Union flag from the courtesy flag staff?

4. What other flags are normally flown from this staff and on what dates or occasions?

5. On what occasions are the UN flag and the NATO flag flown from this staff?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by several departments as follows:

1. The royal union flag and the national flag of Canada were flown on May 24, 1965 at federal locations in Canada where there was at least two flag poles. These were: Pleasantville, Nfld., main entrance to the complex; Halifax, N.S., Camp Hill hospital; Ottawa, Ont., Brooke Claxton building, Supreme Court building, Parliament Hill groundstaffs, National War Memorial; Val Caron, Ont., Federal building; Windsor, Ont., Federal building; Battleford, Sask., Fort Battleford national historic park; Edmonton, Alta., Tri Services recruiting centre; the Veterans' Home; Kamloops, B.C., Federal building; Vancouver, B.C., General post office; Shaughnessy hospital; Whitehorse, Y.T., Federal building; Forty nine Canadian Forces Headquarters buildings throughout Canada.

2. The royal union flag is flown with the Canadian flag on the two ground staffs on Parliament Hill on the official celebration of the Queen's birthday (on or about May 24), and the anniversary of the Statute of Westminster (Dec. 11) and on the occasions of royal visits and certain commonwealth gatherings in Ottawa.

3. The union jack has been and will continue to be flown on the courtesy staff on Parliament Hill when the Prime Minister of Britain or his representative pays an official visit to Ottawa.

4. The UN flag and the NATO flag; the flags of other countries are also flown on that staff on special occasions such as state visits by the heads of those countries.

[Mr. Teillet.]

5. The UN flag is flown on that staff on United Nations day, and the NATO flag on NATO day, while either flag may be flown by special arrangement on other occasions.

IMMIGRATION STATISTICS

Question No. 667—**Mr. Caouette:**

1. For each of the last five years (a) what was the percentage of French speaking immigrants to Canada (b) what was the percentage of English speaking immigrants (c) what percentage did not speak either English or French?

2. Of these immigrants, what percentage settled in Quebec, and (a) what percentage were French speaking people (b) what percentage were English speaking people (c) what percentage were neither English speaking nor French speaking people?

3. Of these immigrants, what percentage settled in Ontario?

4. Is the government intending to further immigration of French speaking people to Quebec?

[*Translation*]

Mr. John C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): A system of recording and compiling the language facility of immigrants to Canada was not introduced until 1962. For the years 1962 and 1963 the data compiled showed only whether the immigrant spoke one of Canada's two official languages fluently enough to integrate quickly in his occupation. The particular language spoken was not specified. However, more detailed information is available for 1964 and 1965.

1, 2 and 3. See following tables.

4. The government has intensified its efforts to increase the number of qualified immigrants coming to Canada from all countries, including French speaking countries. As far as France itself is concerned, two new immigration offices were opened during the fiscal year 1964-65 at Bordeaux and Marseilles and, to the extent possible under the regulations of the French Government, immigration promotional efforts have been stepped up. Regarding the settlement of immigrants in Quebec, the choice of destination is a matter to be decided upon by the immigrants themselves. However, immigrants are counselled overseas as to the areas of possible establishment best suited to their individual skills and personal

qualifications. For example, French speaking immigrants ordinarily are counselled that the best opportunities for successful and ready integration lie in those areas of Canada having a substantial French speaking population. As can be seen from the attached tables, most French speaking immigrants have migrated to Quebec and this trend is expected to continue.

TABLE I

Percentage of Immigrant Arrivals by Province of Destination for 1962 to 1965

Year	Quebec	Ontario	Other Provinces
1962	25.65	49.88	24.47
1963	24.97	52.83	22.20
1964	23.06	54.58	22.36
1965	20.67	54.31	25.02

TABLE II

Percentage of Immigrant Arrivals by Province of Destination and Language Spoken, 1962 and 1963

Language Spoken	Canada		Quebec		Ontario		Other Provinces	
	1962	1963	1962	1963	1962	1963	1962	1963
French or English or Both	78.6	72.4	76.8	68.45	76.67	70.65	84.35	81.13
Neither French nor English	21.4	27.6	23.2	31.55	23.33	29.35	15.65	18.87

TABLE III

Percentage of Immigrant Arrivals by Province of Destination and Language Spoken, 1964 and 1965

Language Spoken	Canada		Quebec		Ontario		Other Provinces	
	1964	1965	1964	1965	1964	1965	1964	1965
French but not English	5.83	5.20	19.89	19.15	1.79	1.69	1.17	1.31
English but not French	44.46	50.58	24.51	29.62	47.16	50.86	58.46	67.26
Both French and English	3.95	3.49	10.00	9.65	2.04	1.79	2.36	2.11
Neither French nor English	45.76	40.73	45.60	41.58	49.01	45.66	38.01	29.32

[*English*]

*R.C.M.P. REPORT ON RAIL DYNAMITING, LEMIEUX, QUE.

Question No. 775—**Mr. Choquette:**

Have the Royal Canadian Mounted Police submitted a report giving information on the attempt made on the life of the present Leader of the Opposition when the rails were dynamited in Lemieux, Lotbinière county, in 1963?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the dynamiting of the rails at Lemieux, Quebec in 1963 was investigated by the Quebec provincial police and the Canadian National Railways police. Assistance was rendered by the R.C.M.P. and reports were submitted to R.C.M.P. headquarters, Ottawa, by the R.C.M.P. at Drummondville and Montreal.

FURS SOLD BY FISHERIES DEPARTMENT

Question No. 782—**Mr. Diefenbaker:**

1. What was the total value of furs owned in whole or in part by the Department of Fisheries as of the 24th day of January, 1966?

2. What is the total amount of sales made since the said date?

3. What company or companies were the sales agents?

Hon. H. J. Robichaud (Minister of Fisheries): 1. Estimated market value as of said date—$2,700,000.

2. $621,241.

3. Hudson's Bay Company, fur sales department, Montreal.

Questions

INTEGRATION OF SERVICES, NORTHWEST TERRITORIES

Question No. 852—**Mr. Orange:**

1. What plans are being made to integrate the staffs of the Indian affairs branch and the northern administration branch located in the Mackenzie district of the Northwest Territories, how soon will integration of staffs take effect and what timetable has been set out to integrate (a) welfare services (b) community development services (c) industrial development services (d) engineering services (e) financial services (f) purchasing and supply services (g) general administrative services?

2. What will be the total reduction of positions following integration?

3. What were the numbers in classification and location of each position in the Mackenzie district of the Northwest Territories of the Indian affairs branch in 1962-63, in 1963-64, in 1964-65, in 1965-66, and in 1966-67 including those positions which have been proposed by the branch to Treasury Board and the Civil Service Commission

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1 and 2. This matter is now being studied by an inter-branch committee, headed by the two assistant deputy ministers concerned. It is expected that this study will take several months.

3. See the following list.

Numbers in classification and location of each position in Mackenzie District for fiscal years shown

3.

Location and classification	1962-63	1963-64	1964-65	1965-66	1966-67
Fort Smith, N.W.T.					
Indian Affairs Officer 7	1	1	2	2	2
Indian Affairs Officer 6	-	-	-	1	1
Indian Affairs Officer 4	-	-	1	1	1
Superintendent 2, Indian Agency	1	1	-	-	-
Administrative Officer 4	-	-	-	-	1
Administrative Officer 3	1	1	1	-	-
Administrative Officer 1 (Seas.) (unclassified)	6	6	6	-	-
Social Worker 5	-	-	1	1	1
Development Officer 4	-	-	-	1	1
Development Officer 3	-	-	-	1	1
Development Officer 1 (Seas.)	-	-	-	6	6
Principal Clerk	1	1	1	1	1
Clerk 4	1	1	1	1	1
Clerk 3	1	1	1	1	1
Stenographer 3	-	-	1	1	1
Stenographer 2	2	2	2	2	2
Construction Supervisor 3	-	-	-	1	1
Assistant Technician 3	-	-	-	1	1
Maintenance Craftsman 4	-	-	-	-	2
Totals	14	14	17	21	24
Hay River, N.W.T.					
Indian Affairs Officer 2	-	-	1	1	1
Assistant 3, Indian Agency	1	1	-	-	-
Labourer	-	-	-	1	1
Totals	1	1	1	2	2
Fort Simpson, N.W.T.					
Indian Affairs Officer 4	-	-	1	1	1
Indian Affairs Officer 1	-	-	-	-	1
Superintendent 2, Indian Agency	-	1	-	-	-
Superintendent 1, Indian Agency	1	-	-	-	-
Clerk 4	1	1	1	1	1
Stenographer 2	-	-	1	1	1
Labourer	1	1	1	1	1
Totals	3	3	4	4	5

[Mr. Robichaud.]

Questions

Numbers in classification and location of each position in Mackenzie District for fiscal years shown

Location and classification	1962-63	1963-64	1964-65	1965-66	1966-67
Yellowknife, N.W.T.					
Indian Affairs Officer 4	-	-	1	1	1
Indian Affairs Officer 2	-	-	1	1	1
Indian Affairs Officer 1	-	-	-	1	1
Superintendent 2, Indian Agency	1	1	-	-	-
Assistant 3, Indian Agency	1	1	-	-	-
Clerk 4	1	1	1	1	1
Clerk 3	-	-	-	-	1
Stenographer 2	1	1	1	1	1
Totals	4	4	4	5	6
Inuvik, N.W.T.					
Indian Affairs Officer 5	-	-	1	1	1
Superintendent 3, Indian Agency	-	1	-	-	-
Superintendent 1, Indian Agency	1	-	-	-	-
Clerk 4	1	1	1	1	1
Stenographer 2	1	1	1	1	1
Supervising Clerk	-	-	-	-	1
Totals	3	3	3	3	4
Fort MacPherson, N.W.T.					
Indian Affairs Officer 2	-	-	1	1	1
Assistant 3, Indian Agency	1	1	-	-	-
Labourer	1	1	1	1	1
Totals	2	2	2	2	2
Fort Norman, N.W.T.					
Indian Affairs Officer 2	-	-	1	1	1
Assistant 3, Indian Agency	1	1	-	-	-
Labourer	1	1	1	1	1
Totals	2	2	2	2	2
Fort Good Hope, N.W.T.					
Indian Affairs Officer 1	-	-	-	1	1
Labourer	-	-	-	1	1
Totals	-	-	-	2	2

C.B.C. PENSION PLAN

Question No. 865—**Mr. Gundlock:**

1. Do reports on a Canadian Broadcasting Corporation pension plan at March 31, 1964, indicate an actuarial deficiency in respect to future benefits payable of $6,682,000 or 6.7 per cent of the $100,000,000 actual value?

2. Did the pension plan trustees recommend to the corporation that no action be taken until further analysis made in June 1965 was completed and the effect of integration with the Canada Pension Plan determined?

3. How did this deficiency come about and what effect will it have on retirement benefits paid to the pension plan contribution?

4. Has the further analysis of June been completed and, if so, what is the recommendation of the board as a result of the analysis?

5. What has been the effect of the Canadian Broadcasting Corporation Pension Plan as a result of the integration with the Canada Pension Plan?

6. Have contributions to the Canadian Broadcasting Corporation pension plan been allowed to determine collectively what changes were to be made to the plan and, if not, will they be allowed to in the future, and by what method?

Questions

Hon. Judy V. LaMarsh (Secretary of State): 1. Yes. Actuarial examination of the C.B.C. pension plan as of March 31, 1964 indicated such possible deficiency, although actuaries of the C.B.C. pension board of trustees stated that pension liabilities at the time were adequately covered by the fund's assets.

2. Yes.

3. The possible deficiency relating to future service came about as a result of the present plan being in operation only 2½ years, not a long enough period to permit the necessary growth of the invested funds. There will be no effect on the retirement benefits paid to the contributors.

4. Yes. The report will be tested further in a full actuarial review scheduled for next year.

5. In regard to contributions and benefits, when the Canada and Quebec pension plans were introduced, the C.B.C. pension plan was amended along the general lines of the proposed amendments to the Public Service Superannuation Act. Accordingly it is intended that the combined employee contributions will not be more and the combined benefits will not be less than those which applied in the C.B.C. plan before amendment.

6. The employees of the C.B.C. did not participate in the determination of the changes to be made to the plan, although they were advised directly, and through their unions where applicable, before the changes were implemented. Since that time, a pension advisory committee made up of representatives of the various employee groups, including each bargaining unit, has been set up to give all employees in the C.B.C. and opportunity to take part in the assessment of any changes or modifications to the C.B.C. pension plan.

C.N.R. SHIPMENT OF TRAILERS IN NEWFOUNDLAND

Question No. 893—**Mr. Scott (Danforth):**

1. How many trailers were shipped over the C.N.R. from St. John's, Newfoundland and Stephenville, Newfoundland, to Grand Falls and Bishop's Falls, Newfoundland, during the months of May, June and July, 1960?

2. Who were the shippers for each shipment?

3. Who was the consignee?

4. What were the dates of the shipments?

5. Was approved credit issued by the C.N.R. or requested from the C.N.R. in regard to the freight charges incurred and, if so (a) to whom was credit issued (b) what was the total amount of freight charges on the shipments (c) were any collection statements sent to the shippers, and, if so, to whom (d) were any payments made on account and, if so, what were the dates of payments, by whom were the payments made, and what were the amounts of payments?

6. Does the C.N.R. have "blocking charges" for shipments of this nature and, if so, what are the charges?

7. Were blocking charges for shipment of the above trailers charged?

8. Did C.N.R. employees in St. John's, Newfoundland, work overtime on week days or Sundays and were they paid overtime for shipment of the said trailers and, if so (a) how many men were working overtime (b) how many hours did they work (c) what was the total amount paid for the overtime (d) what steps have been taken to collect the account to date, and the date of these steps, if any?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advise that litigation is pending in the courts of Newfoundland and Quebec on certain aspects embraced by the questions and therefore answers to the questions could be construed as legal interrogatories or examination for discovery. In view of the subjudice nature of the matter it is not considered appropriate to provide information.

COMPETITION FOR FISHERIES WARDEN, PICTOU, N.S.

Question No. 913—**Mr. MacEwan:**

1. Who was the successful candidate in the recent civil service commission competition No. 66-H524, fisheries warden, Department of Fisheries, Pictou county, Nova Scotia?

2. Has an eligible list been established as a result of this competition?

3. What are the names and addresses of the applicants in this competition?

Hon. Judy V. LaMarsh (Secretary of State): I have been given the following information by the civil service commission:

1. Roderick MacLeod.

2. Yes.

3. Having regard for the right to privacy of candidates and the possibility that the release of information could prove not only embarrassing but prejudicial to them, the commission holds in confidence information concerning candidates whose names do not appear on the eligible list.

[Mr. Gundlock.]

DISEASE IN CORN CROPS, SOUTHWESTERN ONTARIO

Question No. 947—**Mr. Danforth:**

1. Have any incidents of disease in the commercial and seed corn crops of southwestern Ontario, particularly in the counties of Essex and Kent, been identified as caused by virus infection?

2. Have any outbreaks of disease in the commercial and seed corn crops been reported that have been suspected of being, or have been proven to be, caused by the maize dwarf mosaic or any other disease causing the stunting of corn?

3. Has the government stationed in the immediate area sufficient agricultural technicians (a) to correctly identify any such virus infection (b) to determine whether such disease could be spread by insects and to identify such insects (c) to work out suitable control measures in either of the above instances?

4. Are any technicians working on this problem directly and, if so, where are they located regarding laboratory facilities, etc.?

Hon. J. J. Greene (Minister of Agriculture): 1. Yes. Only wheat streak mosaic virus, which causes mild mottle symptoms in corn, has been identified. Red kernel stripe of corn which was originally suspected of being caused by virus infection has not been confirmed and probably is not virus induced.

2. No. Maize dwarf mosaic virus is known to occur in the corn areas of the United States but so far no suspected or proven cases have been found in Canada. It is known to be in the Ohio and Mississippi valleys and as far north as southern Ohio. Considerable research is in progress in the U.S.A.

3. and 4. Adequate attention is given to plant disease problems in the region. One officer at Harrow now works on all corn diseases in southwestern Ontario. He refers any suspected virus diseases to the plant research institute, Ottawa, for expert identification and insect vector relationships. An additional specialist has been engaged, starting in June, to deal specifically with corn virus diseases and will be supported by local entomological staff on the mode of transmission.

In addition, the department has a highly qualified specialist at the plant research institute, Ottawa, on cereal and grass virus diseases, including corn. He is supported by two research officers on insect vector relations and isolation of viruses, respectively.

STATUES ON PARLIAMENT HILL

Question No. 964—**Mr. Enns:**

1. Under what appropriation were the various statues on Parliament Hill developed and which department is responsible for their maintenance?

2. Has the government any plans to erect additional statues e.g., the Right Hon. Arthur Meighen, the Right Hon. W. L. Mackenzie King, the Right Hon. R. B. Bennett, the Right Hon. Louis St. Laurent and subsequent prime ministers to commemorate the 14 prime ministers in our first hundred years of confederation?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of Public Works and the Prime Minister's office as follows:

1. Department of Public Works.

2. Consideration is being given to the possibility of commemorating certain former prime ministers in the manner suggested.

ARDA PROJECTS, MANITOBA

Question No. 967—**Mr. Stefanson:**

1. Since the signing of the second ARDA agreement with the province of Manitoba, how many projects have been approved and what is the estimated total cost of these?

2. What are these projects, where are they located, when were they approved, what is the estimated cost of each and how is the cost shared?

Hon. Maurice Sauvé (Minister of Forestry): 1. Fourteen projects have been approved and the estimated cost totals to $632,025.

2. The following list indicates the description of each of these projects approved, where they are located, the date on which they were approved, the estimated cost and the federal contribution of each project.

MANITOBA

Projects Approved for the Province of Manitoba
from April 1, 1965 under the new ARDA agreement

Project Number	Approved	Description	General Area of Activity	Total Cost	Federal Contribution
				$	$
26001	October 12, 1965	Water Research Program	Province-wide	56,900	28,450
26002	October 19, 1965	Land Utilization Research	Province-wide	50,000	25,000
26003	October 12, 1965	Land Indexing of Productivity	Province-wide	25,000	12,500
26004	October 12, 1965	Rural Development Program	Interlake	98,500	49,250
26005	November 30, 1965	Rural Development Officer Services Training	Province-wide	12,925	6,463
26006	November 30, 1965	Fisher River—Feasibility Study	Fisher River (Interlake)	50,000	25,000
26007	January 11, 1966	Blueberry Project	Eastern Manitoba	25,000	12,500
26009	March 2, 1966	Fish Lake No. 2 Waterfowl Control Project	Interlake	25,200	9,450
36001	May 1965	Study Involving Rural Communities in Self-Appraisal of Potentials	Interlake	45,500	45,500
36002	May 1965	Co-ordination for Rural Development Research	Interlake	12,000	12,000
36003	May 1965	Soil Survey in the Northern Part of the Interlake Rural Development Area	Interlake	50,000	50,000
36004	July 1965	Land Capability Study, Including Preparation of Land Administration Map—Northern Interlake Area	Interlake	136,000	136,000
36005	July 1965	Preparation of Long-term Recreational Development Master Plan for the Area Extending from Netley Marsh to Hecla Island	Southwestern Shore of Lake Winnipeg	25,000	25,000
36006	March 1966	Pilot Group Action (Interlake)	Interlake	20,000	20,000

COAL

Question No. 1,013—**Mr. McLean (Charlotte):**

1. What was the total production of coal in Canada for each year from 1957 to 1965, inclusive?

2. What was the total amount of subsidies or grants paid by the federal government to the coal industry for each year from 1957 to 1965, inclusive?

3. What was the total tonnage and cost of Nova Scotia coal moved under subvention for each year from 1957 to 1965, inclusive?

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys): 1. By fiscal years, the total production of coal in Canada was as follows:

Year	Tons
1956-57	14,287,000
1957-58	12,814,000
1958-59	11,182,000
1959-60	10,936,000
1960-61	10,484,000
1961-62	10,772,000
1962-63	10,310,000
1963-64	10,617,000
1964-65	11,739,000

2. By fiscal years, the amounts of subsidies or grants paid by the federal government, directly or indirectly to the benefit of the coal industry, including amounts for which there was subsequent reimbursement, was as follows:

Year	Payments	Reimbursements	Cost to Federal Treasury
1956-57	$ 9,454,640		$ 9,454,640
1957-58	8,684,973		8,684,973
1958-59	11,145,600		11,145,600
1959-60	17,477,013	$ 393,124	17,083,889
1960-61	19,203,823	706,876	18,496,947
1961-62	19,786,089	500,000	19,286,089
1962-63	20,334,402	296,468	20,037,934
1963-64	20,457,238		20,457,238
1964-65	23,062,762		23,062,762

Note 1: Under "Payments", the above includes: (a) the normal subvention assistance paid variously to transportation companies, coal mine operators, coal distributors or coal consumers in accordance with regulations under the subvention orders in council; (b) tonnage payments on Nova Scotia coal not otherwise eligible for subvention, made in 1960-61, 1961-62 and 1962-63, to delay the closing of certain Cape Breton mines; (c) payments of 30 cents per ton on Nova Scotia coal and 10 cents per ton on New Brunswick coal in 1962-63 and 1963-64, conditional on the use of such funds to improve the competitive positions of these coals in relation to imported residual fuel oils; (d) payments based on the consumption of coal in thermal electric power plants in New Brunswick and Nova Scotia, made directly to the respective provincial power commissions, under the Atlantic Provinces Power Development Act, to enable them to reduce the cost of electric power to industrial consumers but indirectly encouraging the use of coal rather than other fuel; (e) payments made to sectors of the steel industry, under the Canadian Coal Equality Act, but having some indirect benefit to Nova Scotia, Alberta and British Columbia bituminous coals.

Not included in the above are contributions by the province of Nova Scotia to the 1960-61, 1961-62 and 1962-63 programs of delaying the closing of certain mines until employment readjustments could be made. While making the federal payments as indicated by (b), the government of Canada acted merely as transmitting agency for these additional provincial payments.

Note 2: Under "Reimbursements" in the table above, the amounts shown were involved in an agreement of the province of Nova Scotia to pay part of the cost of increased subventions to enlarge the Ontario market for Nova Scotia coal and also a portion of the extra costs of stockpiling coal during a period of critical market constriction. In this case, the government of Canada paid the total cost of the increased subventions and the Government of Nova Scotia reimbursed the consolidated revenue fund for the provincial share.

3. By fiscal years, the tonnage and cost of Nova Scotia coal moved under subvention were as follows:

Questions

Year	Tonnage	Cost	Reimbursements	Net Cost to Federal Treasury
1956-57	2,474,481	$ 7,043,378		$ 7,043,378
1957-58	2,148,341	6,526,660		6,526,660
1958-59	2,238,104	8,257,742		8,257,742
1959-60	2,414,786	13,518,396	$393,124	13,125,272
1960-61	1,872,913	11,864,874	706,876	11,157,998
1961-62	2,311,503	13,266,996	500,000	12,766,996
1962-63	2,275,920	14,069,383	296,468	13,772,915
1963-64	2,560,633	14,588,150		14,588,150
1964-65	3,171,288	16,971,607		16,971,607

Note 3: The reimbursements are the same as described in Note 2, above.

Note 4: Not included in the table immediately above are the payments of 30 cents per ton (note 1 (c)) for use in improving the position of Nova Scotia coal in relation to imported fuel oil, and included in the total payments tabulation in answer to part 2 of the question. On Nova Scotia coal, these amounted to $1,176,590 in 1962-63 and to $279,384 in 1963-64.

POST OFFICE, NOTRE DAME DE LA GUADELOUPE, QUE.

Question No. 1,023—**Mr. Langlois (Mégantic):**

1. How much did the construction of the post office at Notre Dame de la Guadeloupe, Frontenac county, cost?

2. What was the cost of the land?

3. What was the cost of the building?

4. From whom was the land purchased?

5. Who supplied the building materials for this building?

6. What quantity of lumber was used in this building?

7. Was this lumber stamped or approved?

8. How much did this lumber cost?

9. What various sizes of lumber were required for this building and what quantity of each size was bought?

10. Who was or who were the regular inspectors who supervised this work (a) local inspectors (b) federal inspectors?

11. Were there any surplus building materials, and, if so, what was their nature and their value?

12. Was a part of the construction cost of this building borne by winter works programs and, if so (a) what was the amount of those grants (b) how many persons benefited from them (c) what are their names (d) how much did each one receive?

13. Who was the contractor for this building?

14. How many tenders were sent relative to this building and received by the government, and (a) what are the names of the people involved (b) what was the amount of each of these tenders?

[Mr. Davis.]

[*Translation*]

Hon. G. J. McIlraith (Minister of Public Works): 1. $34,282.81 including Post Office equipment, legal fees, survey, etc.

2. $4,500.

3. $25,265.10 (contract, extras and credits).

4. The Municipality of the Village of La Guadeloupe, Que.

5. La Guadeloupe Construction Enrg. General Contractor.

6. All lumber was furnished by the general contractor. The estimated quantity is approximately 14,300 bd. ft. of lumber and 3,660 sq. ft. of plywood (windows, doors and wood trim not included).

7. Lumber for floor and ceiling beams and joists was stamped. Lumber for perimeter walls and partitions was not stamped but was approved.

8. Unknown. (This is the responsibility of the general contractor.)

9. Approximate quantity as described in item 6 provides for the following sizes: (1" x 2") (1" x 3") (2" x 2") (1" x 6") (2" x 3") (2" x 4") (2" x 6") (2" x 8") (2" x 10") (2" x 12") or approximately 997 pieces 12 ft. long or 11,800 bd. ft. Woodsheathing, approximately 2,500 sq. ft; Plywood, approximately 3,660 sq. ft.

10. (a) Mr. J. Lapierre, Clerk of Works. (b) Messrs. J. M. Chaloux, Architect, District Office; R. Godin, Mechanical Engineer, District Office. R. Imbeau, Technical Officer, District Office. A. Trudel, Technical Officer, District Office.

11. Not known.

12. No. (a) Nil. (b) None. (c) See (a) and (b). (d) See (a) and (b).

13. La Guadeloupe Construction Enrg., La Guadeloupe, Que.

14. Five (a) La Guadeloupe Construction Enrg. (La Guadeloupe) $24,477.00; H. Lessard & S. Labreque (East Broughton $24,659.00; Claude Bourassa (Victoriaville) $24,833.50; Marquis & Freres Limitee (Sherbrooke) $24,991.00; Girard & Frere Enrg. (Chicoutimi) $29,600.00. (b) See above.

[*English*]

TELEVISION TOWER, ELDEE, ONT.

Question No. 1,074—**Mr. Lefebvre:**

1. What was the total cost of the land purchased for the erection of a television tower at Eldee, Ontario, in the Nipissing district?

2. When was the tower erected?

3. Who was the contractor?

4. How many tenders were received and from whom and what were their respective amounts?

5. Does this tower receive its signal from the relay station of Sturgeon Falls, Ontario, and, if so, where does the signal of Sturgeon Falls come from?

6. Does the tower of Eldee serve also the French speaking population of Mattawa, Ontario, and the residents of the town of Témiscamingue and its district as well?

7. What is the total estimate of the size of the French speaking population served by this tower of Eldee?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): 1. $100.00.

2. Tower erection was started on January 27, 1963 and the station came into operation on March 15, 1963.

3. Canadian General Electric Company Limited.

4. Tenders were received from Canadian General Electric Company Limited and RCA Victor Company Limited in the amounts of $151,291.30 and $154,517.10 respectively. In addition, Canadian Marconi Company Limited and Northern Electric Company Limited were invited to tender but declined to bid. These tenders were for the supply, installation and testing of a complete television rebroadcasting station and associated equipment including the tower.

5. This television rebroadcasting station receives its signal from the Sturgeon Falls station by means of off-air reception. The Sturgeon Falls station receives its signal by means of a direct connection to the C.B.C. French television network.

6. Yes.

7. A population of 18,900 based on the June 1, census.

[*English*]

STUDY OF MOUNT LOGAN SKI PROJECT

Question No. 1,078—**Mr. Keays:**

1. Has an amount of $48,000 been paid in full to the Dyname Corporation for the study of the Mount Logan winter skiing project and, if so, was the amount paid in one instalment?

2. If the amount was not paid in one instalment (a) in how many instalments (b) on what dates (c) how much was paid each time?

Hon. Maurice Sauvé (Minister of Forestry): 1. The answer to the first part of the question is yes, and to the second part is no.

2. (a) Seven (b) and (c) October 2, 1964, $7,000; October 5, 1964, $14,000; October 7, 1964, $7,000; November 6, 1964, $7,000; January 8, 1965, $7,000; January 20, 1965, $3,000; January 21, 1965, $3,000.

USE OF TOWER, MOUNT RYAN, QUE.

Question No. 1,079—**Mr. Isabelle:**

1. Does the government own a tower situated on Mount Ryan, in Lac Sainte-Marie, Gatineau county?

2. Did this tower once serve as a radar substation?

3. How much did it cost and when was it built?

4. Could it be used as a relay tower for television?

5. What is the average cost of a television relay tower with ordinary equipment?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the departments of National Defence and Transport as follows:

1. No. The installation was disposed of through Crown Assets Disposal Corporation in September 1964.

2. The radar station was never operated.

3. The cost of the tower is not known because it was financed by the U.S.A.F. It was built in 1962.

4. For relay purposes depending on what stations are to be received, the distances involved, and the areas to which these signals are to be relayed.

5. Depending on type, from $20,000 up.

SASKATCHEWAN REQUEST FOR TABLING OF PENSION PLAN CORRESPONDENCE

Question No. 1,083—**Mr. Douglas:**

1. Has the government of Saskatchewan asked permission from the government of Canada to table in the Saskatchewan legislature all correspondence between the government of Saskatchewan and the government of Canada regarding the Canada Pension Plan, since May 22, 1964?

2. If so, on what date was the request made?

Questions

3. Has approval for the tabling of this correspondence been granted by the federal government?

4. If so, on what date was approval granted?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. The Department of National Health and Welfare has not received a request from the government of Saskatchewan for permission to table correspondence dealing with the Canada pension plan in the Saskatchewan legislature.

2, 3, and 4. See answer 1. above.

ACCESS ROADS, CHAPLEAU COUNTY, QUE.

Question No. 1,093—**Mr. Laprise:**

1. Since the implementation of the joint construction program for access roads to forests, what projects have been completed in Chapleau county?

2. What projects are still not completed, and when are they to be completed?

3. What projects are under study at the present time?

Hon. Maurice Sauvé (Minister of Forestry): 1. The following access projects have been completed in the electoral district of Chapleau: (1) Forsyth—Maricourt Lake access road. (2) Paradis—Ducharme Lake access road.

2. Projects not completed include: (1) Villebois Township access road; (2) Bourque Township access road; (3) Mazarin Township access road; (4) Megiscane River access road; (5) Varsal Township access road; (6) Chibougamau to Matagami access road; (7) Matagami to James Bay access road; (8) Faillon Lake access road.

Completion dates not available as this information is not required for forest access projects submitted by the province for federal government contributions.

3. Final details of the province's 1966 program have not been supplied. Preliminary information indicates continued construction of most of the projects listed in 2 above.

GOVERNMENT ANNUITY SALES

Question No. 1,100—**Mr. McCutcheon:**

1. Has there been a decrease in the number of government annuities sold since 1960 and, if so, for what reason?

2. Has the government any plan to increase its sales of these annuities?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): 1. Yes. There was a decrease of about 25 per cent in the number of deferred annuities sold between 1960 and 1966. The number of immediate annuities sold also decreased from 1961 to 1964, but has increased sharply during 1965 and 1966 following the adoption of a new interest rate.

There are several reasons for the decrease in the number of deferred annuities, among these being higher interest rates in other forms of investments, a buoyant stock market and a tendency on the part of potential purchasers to postpone decisions until they knew more about the Canada Pension Plan.

2. No, but it is expected that there will be some increase in the sale of annuities now that the Canada Pension Plan is in effect.

PURCHASE OF MUNICIPAL AIRPORT, SAINT JOHN, N.B.

Question No. 1,127—**Mr. Douglas:**

1. Is the Department of Transport giving consideration to the purchase of the municipal airport at Saint John, New Brunswick?

2. When such takeovers occur, is it the policy of the Department of Transport to absorb present employees and give full protection to the seniority, pension and other rights and privileges enjoyed by the present employees?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. At the request of the municipalities concerned, the Department of Transport has agreed to look into this possibility.

2. Subject to satisfactory agreement with the municipality, it is the policy of the department to endeavour to continue employee benefits wherever possible within governing federal legislation and regulations.

PURCHASE OF BATTERIES, TRANSPORT DEPARTMENT

Question No. 1,128—**Mr. Crouse:**

1. Did the Department of Transport purchase batteries from a company named Cipel and LeCarbone Ltd. during the month of February, 1966?

2. If so, in what part of Canada is this company licensed to carry on business?

3. What are the names of its president and directors?

4. What is the brand name of their batteries?

5. How many companies in Canada bid on the purchase of these batteries, and (a) what are their names (b) what were the amounts of their bids?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of Transport and my department as follows: 1. Yes.

2. This company was incorporated on May 18, 1954 and according to the terms of its letters patent it may carry on its operations throughout Canada.

3. According to the annual summary as at March 31, 1965, the directors of the company are: A. David Cavaz, 45, rue des Acacias. Paris 17, France; Willy Gast, 34 A Ostermundigenstrasse, Berne, Suisse; Thomas Joseph Palmer, P.O. Box 250 Valleyfield, Que; Louis Jalabert, S.F.C.I. 500 St. James Street West, Montreal, Que; Bertram R. Badmore, 12 Treascobeas Rd, Falmouth, England; Jean Louis Rambach, 98 Ter Blvd. Heloise. Argenteuil, France; P. Demoreuille, The Carbone Corporation, 10 Bowers Road, Caldwell, N.J., U.S.A.

4. "Cipel".

5. Two (a) Cipel & LeCarbone Limited. Union Carbide Canada Limited. (b) Cipel.

Type: AD608Z, $94,789.80 (low bid); AD513, $96,847.24; AD215P, $21,361.40 (low bid).

Union Carbide: Type GG124, $116,325.80; T1600, $62,039.52 (did not meet D.O.T. specification); AC1000, $26,647.40.

*LICENCES FOR B.C. POWER DAMS

Question No. 1,130—**Mr. Herridge:**

1. On what date was a license issued or were licenses issued to the B.C. Power and Hydro Authority for the building of the High Arrow, Mica Creek, and Duncan dams?

2. What are the terms of the license or licenses for the building of these dams?

3. Who is responsible for the safety or design of these structures?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): 1. Licences were issued for the Arrow Lakes, Mica and Duncan Lake projects under the International River Improvements Act on August 1, 1965.

2. The terms and conditions of the licences read as follows:

"1. The improvement shall be constructed, operated and maintained in accordance with, and the licences shall comply with the requirements of, the treaty between Canada and the United States of America relating to co-operative development of the water resources of the Columbia River basin signed at Washington on January 17, 1961, together with Annexes A and B thereto; the Protocol to the said Treaty, being an annex to the exchange of notes dated January 22, 1964, between the governments of Canada and the United States of America regarding the Columbia River treaty; the exchange of notes between the governments of Canada and the United States of America dated September 16, 1964, relating to the disposition in the United States of Canada's entitlement to certain benefits arising under the said treaty together with the Canadian Entitlement Purchase Agreement entered into between the Licensee and the Columbia Storage Power Exchange signed August 13, 1964; and any exchange of notes between the governments of Canada and the United States of America or any other inter-governmental agreement exchanged or entered into hereafter pursuant to, and for the purpose of, the said treaty.

2. The improvement shall be constructed, operated and maintained in accordance with, and the licences shall comply with, any orders, directions and judgments of the Permanent Engineering Board established by Article XV of the said treaty and any tribunal or authority mentioned in Article XVI of the said treaty or constituted by the governments of Canada and the United States of America pursuant to the said Article XVI."

3. Section 3(a) of the Canada-British Columbia agreement dated July 8, 1963 stated that "British Columbia shall at its own expense construct or arrange for the construction of all the dams and operate or arrange for the operation of all the storages as required by Articles II and IV of the Columbia River treaty dated January 17, 1961."

NORTHERN ONTARIO WATER RESOURCES STUDY

Question No. 1,137—**Mr. Fulton:**

1. Is the Department of Mines and Technical Surveys, on behalf of the government of Canada, participating with the government of the province of Ontario in a northern Ontario water resources study?

2. If so, what is the extent of the federal government participation, and what is the nature and scope of the primary interest of the federal government in such studies?

3. What is the estimate of the duration of such study?

4. How many federal government personnel will be involved in such studies in the fiscal year 1966-67 and what is the estimate of cost to the federal government during that fiscal year?

5. With the exception of the Nelson river, are there any arrangements for similar co-operative water resources studies in other provinces in existence or in contemplation?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): 1. No. The Department of Mines and Technical Surveys is conducting an engineering appraisal of northern Ontario water resources; while the government of Ontario is conducting economic

and other studies of the water resources of the same region. Both study programs are being co-ordinated by a federal-Ontario committee.

2. Not applicable. See answer to (1) above.

3. The federal study will require at least three years.

4. Full time services of six classified employees and part time services of an additional ten classified employees, plus casual assistance on field surveys. The sum of $500,000 has been provided in the fiscal year of 1966-67 estimates specifically for this assignment.

5. As stated in (1) above the government of Canada and of Ontario have undertaken separate studies of the water resources of northern Ontario with co-ordination of these separate studies by a federal-Ontario committee. The Nelson river power investigation was a single study program undertaken jointly by Canada and Manitoba. The planned water use study of the entire Nelson-Saskatchewan basin will be on a basis similar to the Nelson river power investigation, except that this will be a study program undertaken jointly by Canada, Alberta, Saskatchewan and Manitoba. The proposed study of tidal power possibilities in the Bay of Fundy will be undertaken jointly by Canada, New Brunswick and Nova Scotia.

IMPORTS OF PORK PRODUCTS

Question No. 1,140—**Mr. Winkler:**

1. What amounts of pork carcasses or pork products were imported into Canada from March 1 to March 18, 1966, inclusive, from countries other than the United States?

2. From what countries did such imports originate?

3. What are the names of the companies that imported this product?

Hon. J. J. Greene (Minister of Agriculture): 1. The amounts of pork carcasses or pork products imported into Canada from March 1 to March 18, 1966, inclusive, from countries other than the United States, according to Department of Agriculture records, were:

From Ireland

Fresh and Frozen	Pounds
Hams	562,180
Backs, Loins, etc.	345,476
Bellies	445,974
Butts and Picnics	543,140
Miscellaneous Boneless Pork, Blade Meat, Cheek and Head Meat, Jowls, Trimmings, etc.	120,944
Miscellaneous Bone-in Pork, Hocks, etc.	29,567
Ribs, back and loin ribs	13,031
Ribs, side and regular spare ribs	36,409
Ribs, shoulder and riblets	12,011
	2,108,732
Cured, Smoked and Cooked—	
Bellies, Side Bacon, Bacon squares, Dried Pork Bellies, etc.	5,235
Miscellaneous Bone-in Hocks, Knuckles, etc. (smoked)	279
	5,514
Pork Casings	24

From Denmark

Canned Pork	9,031
Canned Hams	39,600
	48,631

From The Netherlands

Pork Casings	33

From Poland

Canned Pork	7,200

2. These imports originated from Ireland, Denmark, The Netherlands and Poland.

3. The names of the importers are known to the department through its inspection of imported product. This information is regarded as confidential.

DEVELOPMENT BOARD GRANTS, STELLARTON, N.S.

Question No. 1,145—**Mr. Carter:**

1. Was an Atlantic Development Board grant in the amount of $400,000 authorized for a general purpose building at Stellarton, N.S. and, if so (a) what company will occupy it (b) who are the directors of this company?

2. Was an Atlantic Development Board grant in the amount of $200,000 authorized for an industrial park at Stellarton, N.S. and, if so, will the said company occupy part of it?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

1. Yes. (a) Temporarily occupied by Clairtone Sound Corporation Ltd. (b) We are advised that the directors are: Peter Munk, President Executive; David Harrison Gilmour, Vice President and Treasurer; Zigmund A. Hahn, Sr., Vice President and Secretary; Michael A. Chojnacki, Vice President, Manufacturing; G. Malcolm Hogarth, Director; Clifford V. Brokaw, III, Director; James M. Hutton, Jr., Director; Wallace Robert Johnston,

Director; J. Maitland Macintosh, Director; J. C. MacKeen, Director; D. W. Samuel, Director; Robert M. Southerland, Director; A. Mark Vansittart, Director.

2. Yes. The company will occupy part of the park.

WHARF AND BREAKWATER REPAIRS, PORT GREVILLE, N.S.

Question No. 1,147—**Mr. Coates:**

1. Is it the intention of the Department of Public Works to carry out any repairs to the wharf at Port Greville, N.S., or to carry out any dredging in the harbour in close proximity to the existing wharf?

2. Is it the intention of the department to carry out any repairs to the breakwater at Port Greville, N.S.?

Hon. G. J. McIlraith (Minister of Public Works): 1. No.

2. No.

WHARF REPAIRS, PORT PHILLIP, N.S.

Question No. 1,148—**Mr. Coates:**

Is it the intention of the Department of Public Works to carry out any further repairs or improvements to the wharf at Port Phillip, N.S., or Port Howe as it is more normally called, and what is the extent of the repairs or improvements planned?

Hon. G. J. McIlraith (Minister of Public Works): No.

LOBSTER TRAP AND LICENCE QUOTAS

Question No. 1,149—**Mr. Coates:**

1. Is it the intention of the Department of Fisheries to place quotas on the number of traps that can be used by a lobster fisherman and, if so, when can a decision be expected in this matter?

2. Is it the intention of the Department of Fisheries to limit the number of licences issued for lobster fishing?

Hon. H. J. Robichaud (Minister of Fisheries): 1. Controlled lobster trap limitation is to be introduced this season, as an experiment, in lobster fishing area 8 in Northumberland strait.

2. No.

OTTAWA PERSONNEL, PUBLIC WORKS DEPARTMENT

Question No. 1,152—**Mr. Lind:**

1. What are the names of the individuals who occupy the following positions in the Department of Public Works, Ottawa branch (a) chief of accommodation (b) director of property and building management (c) assistant director of property and building management (d) assistant superintendent of government buildings (e) chief of operations (f) superintendent of government buildings?

2. How long has each been employed by the department?

3. What special qualifications does each have for these positions?

4. Has the Department of Public Works received inquiries from the Ottawa Real Estate Board, individual property owners, and contractors relating to these positions?

Hon. G. J. McIlraith (Minister of Public Works): 1. (a) J. H. de Puyjalon; (b) D. A. Freeze; (c) E. C. Martel; (d) (i) N. R. Millar (Operations), (ii) C. R. Anderson (Technical Administration); (e) E. W. Labelle; (f) W. M. Dicks.

2. (a) 3 years; (b) 26½ years; (c) 20 years; (d) (i) 2½ years, (ii) 20½ years; (e) 10 years; (f) 11 years.

3. Each of these officials was appointed to his position by civil service competition. Mr. Dicks was appointed by civil service competition initially as assistant superintendent of government buildings, and promoted to his present position later. These competitions required certain qualifications which these persons met.

4. No.

LIMITATIONS ON CIVIL SERVICE COMPETITIONS

Question No. 1,157—**Mr. Reid:**

1. Are some civil service competitions limited to certain geographic areas?

2. If so, what are the criteria for determining the geographic area?

3. Is this practice common in civil service competitions, and (a) if so, for what reasons (b) if not, for what reasons?

Hon. Judy V. LaMarsh (Secretary of State): 1. Yes.

2. (a) The nature of the duties to be performed (b) The area served by the office (c) The availability of qualified candidates.

3. Yes. See answer 2 above. In addition, it is in accordance with the provisions of sections 33, 34(b) and 35 of the Civil Service Act.

LANDING STRIP, REINDEER LAKE, SASK.

Question No. 1,161—**Mr. Watson (Assiniboia):**

1. Who owns the landing strip at Reindeer Lake in northern Saskatchewan?

Questions

2. Did the Department of Transport assist financially in its construction and, if so, to what extent?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. While Department of Transport records do not indicate the ownership of this aerodrome, they do show that it is operated by Arctic Lodges Ltd.

2. No.

*C.N.R. CONTRACT WITH TRANSOL, INC.

Question No. 1,163—**Mr. Ricard:**

1. Did Canadian National Railways sign a transportation contract on October 9, 1963, with Transol Inc., a company which was incorporated on June 13, 1963, and, if so, up to what date was this contract in force?

2. Has Canadian National Railways become the owner of Transol Inc., and (a) if so (i) what were the purchase terms (ii) what amounts have been paid to the said company (iii) what were the assets of Transol Inc. at the time of purchase (b) if not, what is the present relationship between Canadian National Railways and Transol Inc.?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes, and it is still in effect.

2. (a) No. (b) A contractual arrangement whereby Transol Inc. under a Quebec Transportation Board permit performs for the railway an over the highway cartage service between Quebec and Rivière du Loup serving intermediate points en route.

AIR CANADA EXCURSION RATE TO EUROPE

Question No. 1,177—**Mr. Martin (Timmins):**

1. Does Air Canada's 21-day excursion rate to Europe apply between June 9 and July 11, and between August 4 and August 29, 1966, and, if not, for what reason?

2. If the 21-day excursion rate does not apply in these periods, is this made clear in Air Canada's advertising and, if not, for what reason?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Air Canada advise as follows:

1. Twenty one day excursion rate does not apply eastbound to Europe between June 13 and July 7, and between August 8 and August 25. As an incentive to travel in off-peak times, by industry agreement excursion fares may not be offered by any airline between the dates quoted.

2. Airline advertisements do not give details of all terms and conditions, or periods of validity of fare levels but refer to—"See your travel agent or district Air Canada office."

[Mr. Watson (Assiniboia).]

FEDERAL GRANT TO LUCKNOW, ONT.

Question No. 1,179—**Mr. Loney:**

What amount of grant in lieu of taxes on federal property was paid to the municipality of Lucknow, Ontario, for the year 1965?

Hon. Mitchell Sharp (Minister of Finance): 1965 grant, $529.

AIR CANADA FLIGHTS TO MARITIMES

Question No. 1,180—**Mr. Bell (Saint John-Albert):**

1. Has Air Canada recently advertised flights to the Atlantic provinces from Montreal entitled "going to the maritimes"?

2. Were Moncton, Halifax and Sydney mentioned and, if so, why was Saint John not listed?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Air Canada advise as follows:

1. Yes.

2. Yes; Saint John was not listed. Destinations mentioned in individual advertisements vary according to current and forecast loads. The volume of traffic moving to Saint John was at a level which was considered to be satisfactory by comparison.

MEDICATION MK665

Question No. 1,183—**Mr. Harley:**

Is the medication MK665 (Merck Sharp and Dohme) under study in Canada at either the preclinical level or clinical testing level?

Hon. A. J. MacEachen (Minister of National Health and Welfare): The medication MK665 (Merck Sharp and Dohme) has never been under study in Canada at either the preclinical or clinical testing level.

ACTION ON RECOMMENDATION RESPECTING PESTICIDES AND INSECTICIDES

Question No. 1,184—**Mr. Harley:**

What action to date has the government taken on the recommendations of the special committee on food and drugs concerning pesticides and insecticides?

Hon. J. J. Greene (Minister of Agriculture): On July 9, 1964, the formation of the federal interdepartmental committee on pesticides was approved and it was charged with looking into all the recommendations of the special committee on food and drugs as these pertain to responsibilities of federal government. The federal interdepartmental committee has held 13 meetings. It has formed

working parties on legislation, research and development, and transport of dangerous materials. The legislative working party has reported to the committee and recommendations concerning legislative changes are being prepared. A survey of pesticide research in Canada has been conducted and a report is in preparation. The federal interdepartmental committee on pesticides has encouraged the formation of provincial interdepartmental committees on pesticides. Such committees are now operating in eight provinces. The federal committee has reviewed all current operational pesticide programs conducted by the federal government.

MILK SUBSIDIES

Question No. 1,187—**Mr. Godin:**

1. What was the cost of 100 lbs., of milk in 1950, 1955, 1960, and 1965?

2. During these years, has the government granted subsidies to farmers with respect to milk production?

3. If so, what was the amount granted per 100 pounds of milk?

Hon. J. J. Greene (Minister of Agriculture): 1. There are no published figures on the actual cost of producing 100 pounds of milk in the years indicated.

The average cost of milk to plants for all purposes (fluid and manufacturing), based on dominion bureau of statistics average value of milk sold f.o.b. the farm gate, for the years specified was:

1950	1955	1960	1965
$2.63	$2.88	$3.16	$3.68

2 and 3. The government has assisted manufacturing milk and cream producers in various ways over the years. Support has been given by purchases of product, quality premiums, export assistance, butterfat subsidies, and milk subsidies. Some provincial governments have set minimum prices.

Because of the variable methods of support which differed in individual years, direct comparisons are not possible but herewith are given Federal expenditures in those fiscal years, and manufacturing milk and cream deliveries in those calendar years.

Expenditures	1950	1955	1960	1965*
($ millions)	2.4	5.3	14.2	54.4
Milk equivalent of manufacturing milk and cream deliveries (cwt. millions)	84.4	98.9	107.3	113.4

* Estimated

MILK PRODUCTION COST

Question No. 1,188—**Mr. Godin:**

During the years 1940, 1950, and 1960, what was the production cost of 100 lbs. of milk in the federal experimental farms (a) throughout Canada (b) throughout the province of Quebec?
1189

Hon. J. J. Greene (Minister of Agriculture): The dairy cattle research program on the experimental farms is in the fields of nutrition, breeding, and management. It is not conducted specifically for the purpose of determining costs of milk production. Accordingly, the information requested on production costs of milk on experimental farms across Canada is not available.

FLASHING LIGHT, HALIFAX AIRPORT

Question No. 1,203—**Mr. Forrestall:**

Has the government given consideration to the installation of a flashing light at the entrance to the Halifax international airport, and (a) if so, what decision was reached (b) if not, would the government now do so?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The provincial department of highways has agreed to instal a flashing amber light at this intersection.

NUMBER OF UNEMPLOYED

Question No. 1,225—**Mr. Crossman:**

What was the total number of unemployed persons as reported by the Dominion Bureau of Statistics for the month of February for each year since 1957?

Hon. Robert Winters (Minister of Trade and Commerce): Estimated number of unemployed persons, 14 years of age and over, Canada, February 1957 to 1966, inclusive. February 1957, 352,000; February 1958, 600,000; February 1959, 570,000; February 1960, 597,000; February 1961, 716,000; February 1962, 582,000; February 1963, 546,000; February 1964, 467,000; February 1965, 397,000; February 1966, 356,000.

Source: Dominion Bureau of Statistics Canadian labour force survey.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, allow me at this stage to point out that, out of a total of 1,261 questions put on the order paper since the beginning of this season, the government has answered 1,027 questions, which, I believe, is an all-time record.

[*English*]

Mr. Speaker: I am pleased that that statement was not made on motions.

Hon. Michael Starr (Ontario): Mr. Speaker, in commenting on what has just been said by the parliamentary secretary, I must say that irrespective of what he has said all he has to do is to look at the written questions on the order paper. He will find that many of them have been there since January 18, and they are the ones about which we are worrying.

Mr. Speaker: Order, please.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FOREIGN PATENTS

Question No. 103—**Mr. Ormiston:**

1. What has been the total cost of all foreign patents purchased since 1945 by (a) the federal government (b) other Canadian institutions including corporations and companies operating in Canada?

2. What has been the total cost in fees paid by (a) the federal government (b) other Canadian institutions including corporations and companies operating in Canada for the use or license of foreign patents since 1945?

3. What has been the estimated total value of all Canadian patents sold and licensed to foreign countries, foreign nationals, foreign institutions, foreign corporations and foreign companies since 1945?

Return tabled.

DEFICITS AND PROFITS OF CROWN CORPORATIONS

Question No. 132—**Mr. Caouette:**

1. What are the annual deficits or profits of the following crown corporations since their inception (a) Canadian National Railways (b) Air Canada (c) C.B.C. (d) Canadian Overseas Telecommunication Corporation (e) Central Mortgage and Housing Corporation (f) Polymer Corporation Limited (g) Eldorado Mining and Refining Limited (h) Northern Canada Power Commission (i) Defence Construction Limited (j) Canadian Arsenals Limited (k) Atomic Energy of Canada Limited?

2. What commercial profits has the government of Canada earned through its industrial or commercial enterprises?

3. How are the amounts accruing from the profits of the crown corporations generally divided?

4. What are the regulations governing the reserve funds and the investments of the crown corporations.

Return tabled.

[Mr. Béchard.]

ST. MARY INDIAN RESERVE, B.C.—AIRSTRIP

Question No. 534—**Mr. Howard:**

1. Does the government have any plans or does it know of any plans to establish an airport or airstrip on the St. Mary Indian reserve in B.C. and, if so (a) what acreage will be used (b) what compensation will be paid, and (c) how will the compensation be distributed?

2. Upon what dates was this matter discussed with the Indian people concerned and what are the names and positions held by each person who participated in each such discussion?

3. Was any objection to the proposal raised by any of the Indian people and, if so, what was the nature of those objections and what action was taken with respect thereto?

4. What is the current status of the plans?

Return tabled.

PURCHASING POLICY OF CROWN CORPORATIONS

Question No. 546—**Mr. Caouette:**

1. Do Canadian National Railways, Air Canada, C.B.C., Polymer Corporation Limited, Eldorado Mining and Refining Limited, Canadian Overseas Telecommunication Corporation have a purchasing policy which favours Canadian enterprises?

2. If they have such a policy of what does it consist?

3. If they do not have such a policy, does the government intend to issue directives, so that state owned enterprises give preference to Canadian enterprises?

Return tabled.

FEDERAL FERRY OPERATIONS, ATLANTIC COAST

Question No. 553—**Mr. Barnett:**

1. Does the federal government operate, either directly or indirectly through any of its agencies, ferries or other types of vessels on the Atlantic coasts of Canada for the public carriage of passengers, freight and motor vehicles?

2. If so, what vessels between what ports carry motor vehicles on a "roll on, roll off" arrangement?

3. If operating agencies of the federal government are involved in any of the above specified services, what are they and what runs do they operate?

4. Is any operating deficit incurred in the operation of any such vessels or runs?

5. If so, through what channel is any such operating deficit met and what amounts, by way of subsidy or otherwise, have been paid for each vessel or service involved during each of the last five fiscal years (including an estimate for the current fiscal year)?

C.N.R. WATER TRANSPORT SERVICES, ATLANTIC COAST

Question No. 554—**Mr. Barnett:**

1. Does Canadian National Railways operate water transportation services in the coastal trade on the Atlantic coast of Canada, either directly or through subsidiary companies?

2. If so, between what ports and on what runs, listed by its various schedules, does the C.N.R., or each and all of its subsidiaries operate such services?

3. Which, if any, of such services carry (a) passengers (b) general cargo (c) motor vehicles?

4. Do any of the vessels engaged in any such services carry motor vehicles on a "roll-on, roll-off" basis and, if so, between what ports?

5. Do any of the vessels engaged in such services receive a federal operating subsidy either directly or indirectly?

6. If so, through what agency is such subsidy paid for each vessel or service involved?

7. For each of the last five fiscal years (including an estimate for the current fiscal year) what was the total amount of the operating subsidy paid for each vessel or service involved?

GOVERNMENT FERRY SUBSIDIES

Question No. 617—**Mr. Nowlan:**

1. What ferries or other types of vessels listed by name does the federal government either directly or indirectly pay subsidies to or operate?

2. Where do such ferries or other types of vessels operate?

3. Is any deficit incurred in the operation of such ferries or vessels and, if so (a) what has been the amount of the deficit for each ferry or vessel during each of the last five fiscal years, and (b) what formula has been used for payment?

4. What amounts, by way of subsidy, deficit, or otherwise, have been paid in the operation of each such ferry or vessel during each of the last five fiscal years (including an estimate for the current fiscal year?)

5. What amounts were paid by the federal government either directly or indirectly in the construction or purchase of each such ferry or vessel?

REPORT ON MEDICAL RESEARCH

Question No. 1,045—**Mr. Bell (Carleton):**

1. Was a report on medical research in Canada presented to the Prime Minister and/or the government by Mr. Charles L. Gundy and, if so, when?

2. What consideration has been given to this report?

3. By what persons was the report endorsed?

4. When may a decision of the government in respect of the recommendations in the report be expected?

Return tabled.

Motions for Papers

DEATH BENEFIT ACCOUNTS

Question No. 1,133—**Mr. Howe (Hamilton South):**

1. As of March 1, 1966, what was the balance in the (a) public service death benefit account, and (b) the regular forces death benefit account?

2. What amount has been contributed to each account in each of the past 12 months?

3. What amount was disbursed in benefits from each account in each of the past 12 months?

4. Has there been any change in premiums payable under the supplementary death benefit plan (Public Service Superannuation Act) since October, 1964?

Return tabled.

CANADA-WEST INDIES EXPORTS AND IMPORTS

Question No. 1,173—**Mr. Dinsdale:**

1. What is the dollar value of Canadian exports to each country of the West Indies each year since 1960?

2. What is the dollar value of imports to Canada from each country of the West Indies each year since 1960?

Return tabled.

MOTIONS FOR PAPERS

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to the Secretary of State): Mr. Speaker, notices of motions for the production of papers Nos. 114 and 115 are acceptable to the government.

I ask that the other notices of motions be allowed to stand.

[*English*]

FORMS COMPLETED BY GOVERNMENT EMPLOYEES

Motion No. 114—**Mr. Douglas:**

That an order of the house do issue for a copy (a) fingerprint form CSC 283-20M-1-57-1027, and (b) "personal history form" which the Civil Service Commission asks certain government employees to complete.

Motion agreed to.

TELEVISION COVERAGE, PICTOU COUNTY, N.S.

Motion No. 115—**Mr. MacEwan:**

That an order of the house do issue for a copy of all telegrams, letters and correspondence between any unions, organizations and persons in the county of Pictou, province of Nova Scotia, and the Minister of Transport for February 1, 1966, to March 31, 1966, with respect to the removal of the freeze on television applications and coverage by satellite from the CTV network, station CJCH, Halifax, Nova Scotia.

Motion agreed to.

Inquiries of the Ministry

PUBLIC SERVICE

BILINGUALISM—SPEECH BY CIVIL SERVICE COMMISSION CHAIRMAN—REQUEST FOR CONSIDERATION BY COMMITTEE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, for the purpose of clarification may I ask the Prime Minister this question. He covered the general field of bilingualism and the measures to be taken in the Civil Service. Is it to be understood that no longer in effect is the decision that was announced by the chairman of the Civil Service Commission on February 1, that proficiency in the two official languages is to be considered as an additional asset, and will count as an aggregate 10 per cent of the total selection-rating score? Is that still in effect or has it been abrogated by the announcement of the Prime Minister?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in my statement I said that proficiency in both languages would be considered as an element of merit in respect of those positions where a knowledge of both languages is required. The application of that, Mr. Speaker, will of course be the responsibility of the Civil Service Commission. There is on the order paper question No. 944 dealing with this matter, the answer to which will probably go into very considerable detail.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I have a supplementary question for the right hon. Prime Minister.

Will consideration be given to bilingualism when candidates applying for a position take examinations?

Will the merit factor respect, within limits, bilingualism? Will it be worth anything?

[*English*]

Mr. Pearson: It will be one of the elements of merit, Mr. Speaker, in respect of those positions where a reasonable proficiency in both languages is required.

Mr. Erik Nielsen (Yukon): As a supplementary question, may I ask the Prime Minister whether this policy applies to the armed forces?

Mr. Pearson: Mr. Speaker, if my hon. friend would read the statement he will find that special reference is made to the armed forces. It does not apply to them. A special report is being made regarding the situation in the armed forces, and discussions are going on.

Mr. Nielsen: May I ask a further supplementary question of the Associate Minister of National Defence. The minister will recall the policy changes implemented with respect to staff officers in the army some two years ago, with respect to bilingualism and promotion on the basis of capability. Has that policy been extended to the other two armed forces?

Hon. Léo Cadieux (Associate Minister of National Defence): There was no change in the policy adopted two years ago. This, as the Prime Minister has just mentioned, is the subject of an inquiry just now. However, no concrete recommendations have been made so far.

Hon. R. A. Bell (Carleton): A supplementary question, Mr. Speaker. May I ask the Prime Minister if he and his colleagues would consider referring the policy statement which he made this afternoon on bilingualism in the public service to a standing or special committee of the house where evidence might be heard and where the staff associations and other interested parties might be given the opportunity publicly to present views and opinions. Also may I ask, Mr. Speaker, since the Prime Minister mentioned question No. 944—

Mr. Speaker: Order, please.

Mr. Bell (Carleton): —since that question has been on the order paper for some 33 days, may I ask when it will be answered.

Hon. J. W. Pickersgill (Minister of Transport): The Civil Service Commission is an independent body.

Some hon. Members: Oh, oh.

Mr. Pearson: I will consider the matter referred to by my hon. friend in the first part of the question. I would point out to him that the staff associations of the Civil Service have already been consulted in respect of the statement I made today.

Concerning the latter part of the question, a detailed answer is being prepared by the Civil Service Commission. I will try to hurry them up.

[*Later:*]

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, my question is really supple-

mentary to the first one put a few moments ago by the right hon. Leader of the Opposition to the right hon. Prime Minister about bilingualism. I understand that you did not hear it because the voice of independents is so weak that I am under the impression we will need a megaphone to be heard by you, at the other end of the house.

My question is the following: can the right hon. Prime Minister tell us whether the measures announced at the beginning of the sitting this afternoon concerning bilingualism in the public service, will be incorporated into the Civil Service Act, particularly section 47?

[*English*]

Mr. Pearson: All the regulations issued by the Civil Service Commission require to be within the legislation as it now stands.

[*Translation*]

ATTENDANCE AT MEETING OF POSTAL EMPLOYEE REPRESENTATIVES

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to direct a question to the Prime Minister. Could he tell the house whether executive members of the Canadian Postal Employee's Union attended the meeting held in his office today?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, the postal unions were not at this meeting. It was a meeting of national service-wide organizations of the Civil Service. This very important union is a particular occupational union inside the Civil Service in which there are, I believe, 20 to 25 other such unions. Attending the meeting were only national service-wide organizations.

UNIDENTIFIED FLYING OBJECTS

FURTHER REQUEST FOR INVESTIGATION INTO REPORTS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Prime Minister. In view of widespread concern over press reports regarding unidentified flying objects, and in order that these reports may not lead to unfounded speculation, I want to ask the Prime Minister if this matter is being investigated by any department of his government. If so, may I ask what department has been assigned this responsibility.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am aware of these reports. Indeed, I had a telegram a few hours ago concerning another report from western Canada. These matters are being investigated by the Department of National Defence.

Mr. Eric Nielsen (Yukon): It is the soaring cost of living.

Mr. Douglas: A supplementary question, Mr. Speaker. May I ask the Prime Minister if the Department of National Defence proposes to make any public statement following the investigation?

Mr. Pearson: I would hope so. When the investigation is completed, I hope the statement will be a reassuring one.

Mr. William Dean Howe (Hamilton South): A supplementary question, Mr. Speaker. May I ask the Prime Minister, in the absence of the Minister of National Defence, whether in investigating these possible unidentified flying objects the protection of Canadians could not be taken into consideration, to protect them from possible radiation burns such as are apparently suffered by a boy in my riding?

Mr. Pearson: I am sure all aspects of the problem will be investigated. My hon. friend may recall, in respect of rumours and stories that unidentified heavenly objects had been sighted over Michigan a week or so ago, that the reports showed that these stories were greatly exaggerated.

[*Translation*]

EXTERNAL AFFAIRS

REMOVAL OF CANADIAN TROOPS FROM FRANCE

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to put a question to the hon. Secretary of State for External Affairs with regard to France's decision to withdraw from NATO.

In view of France's request that foreign troops be withdrawn from French territory, is the department still consulting with the French authorities with a view to establishing the advisability of keeping Canadian troops over there? Should Canadians troops remain in France, will the French government have any control over their operations?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the government of France does not intend to leave NATO.

Inquiries of the Ministry

President de Gaulle's government is not in favour of NATO's integrated military operation system. There will soon be bilateral negotiations with France on the matter of the two Canadian bases, but these have not yet started.

Mr. Caouette: Mr. Speaker, a supplementary question to the Secretary of State for External Affairs.

Did the French government inform Canada that it would have to withdraw its troops from France?

Mr. Martin (Essex East): Yes, Mr. Speaker.

Mr. Caouette: Before when?

Mr. Martin (Essex East): We have until April 1, 1967, to do it, Mr. Speaker.

[*English*]

RHODESIA—IMPLEMENTATION OF SANCTIONS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is directed to the Secretary of State for External Affairs. Has Canada been informed that the Commonwealth committee in London, of which our High Commissioner is chairman, intends to ask the United Nations to authorize use of force to implement compulsory sanctions against the government of Ian Smith in Rhodesia?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, there was a meeting this morning of the sanctions committee which, as my hon. friend says, was chaired by the Canadian High Commissioner. The meeting has not come to any conclusions, and it has adjourned for an indefinite period.

Mr. Thompson: A supplementary question, Mr. Speaker. Can the minister tell us whether the two ships in a harbour in Mozambique have cargoes which are for Rhodesia, as the reports indicate?

Mr. Martin (Essex East): The ship that has gone to Beira, in Portuguese territory in Mozambique, has not docked. The best information available is that it does not propose to discharge its cargo. It would seem that the ship's captain is under orders of the government of Greece which has prescribed that no ship of Greek registry shall carry oil to Rhodesia.

[Mr. Martin (Essex East).]

NATIONAL SECURITY

INQUIRY AS TO ESTABLISHMENT OF JUDICIAL INQUIRY

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, may I direct a question to the Prime Minister. Has he any information as to when the royal commission, I believe the Cardin commission, will be convened? Is he aware of the fact that the cleaning firms which clean the Centennial Towers building has been advised that it must have its personnel fingerprinted and checked for security, because the royal commission on security will be occupying offices in the building, beginning next week?

Hon. Mitchell Sharp (Minister of Finance): Perhaps I might answer the first part of the question about the Carter Royal Commission. In my budget address I said the report would be down in a matter of two months.

Mr. Diefenbaker: No, the Cardin commission before Mr. Justice Spence.

Right Hon. L. B. Pearson (Prime Minister): I do not know of any commission known as the Cardin commission.

Mr. Diefenbaker: May I ask whether I can identify it so that the Prime Minister may understand what I am dealing with? I am referring to the royal commission to be presided over by a judge of the Supreme Court of Canada. Is the Prime Minister aware of the date on which this commission will convene? Is he aware of the circumstances I have mentioned, namely that the staff of a certain cleaning organization working in that building are to be fingerprinted? I hope, now, the identification is such that the right hon. gentleman will understand.

Mr. Pearson: If the right hon. gentleman is referring to the commission presided over by Mr. Justice Spence, I know nothing about the latter part of the question he asked. I will be glad to look into it.

EXTERNAL AFFAIRS

VIET NAM—ROLE OF INTERNATIONAL CONTROL COMMISSION

On the orders of the day:

Mr. David Lewis (York South): I wish to address to the Secretary of State for External Affairs a question of which he was given notice by my hon. friend from Greenwood. Is it correct as reported from New York that

official Polish sources at United Nations have stated that Poland, as one of the members of the international control commission, does not envisage any role for the commission in bringing about a cease-fire or negotiations for ending the war in Viet Nam? If this is correct, is there any possibility for the remaining two powers on the commission to do anything without the concurrence of Poland?

Hon. Paul Martin (Secretary of State for External Affairs): I saw this report which appeared in the Montreal *Star* last night. In reply, I would say that, as I informed the external affairs committee on Monday, both the Polish and the Indian governments in their initial reaction to the Canadian suggestion about a possible future role for the commission raised a number of considerations which they thought would have to be taken into account if such a proposal were to stand any chance of gaining acceptance by the parties on the ground.

Careful study is being given to these considerations. I have no reason to believe that either government would regard our exchanges on this matter as closed. As is well known, Canada has been having exchanges of its own in Hanoi, Saigon and other capitals as well as at the United Nations, not wholly unrelated to what the commission might be able to do to bring about negotiations in Viet Nam at the opportune time.

Mr. Lewis: Are talks with the Polish government or its representatives still being carried on by any Canadian representatives?

Mr. Martin (Essex East): Yes, Mr. Speaker.

VIET NAM—REQUEST FOR RECONSIDERATION OF CANADIAN POLICY

On the orders of the day:

Mr. E. R. Schreyer (Springfield): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. I should like to ask the minister whether the welling up of domestic discontent in South Viet Nam in recent days has caused him to review and make a re-analysis of our policy relative to hostilities in that country?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I cannot say anymore than I did the other day in the House of Commons.

Inquiries of the Ministry

FISHERIES

SCALLOPS—INQUIRY CONCERNING PRICES AND INSPECTION PROCEDURES

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I should like to direct a question to the Minister of Fisheries. Is the minister aware of the concern felt by the scallop fishermen on the east coast of Canada over the low price recently paid to the fishermen for their catches and also of their concern about recent inspection practices which resulted in large quantities of scallops being withheld from the market? Would the minister advise the house of any action proposed by his department to help the scallop fishermen out of some of their present difficulties?

Hon. H. J. Robichaud (Minister of Fisheries): The hon. member, who has had many years of experience in keeping fish fresh at sea, knows that the department has a responsibility to develop clearly defined quality criteria and to differentiate between fit and unfit fish. He will agree with me that it is the responsibility of the buyers and of the fishermen to co-operate with departmental inspectors to assist them in implementing the fish inspection regulations.

I want to make it clear that departmental standards have not changed since last year. There has been no change, contrary to a report on Monday in one of the Halifax newspapers. Buyers and fishermen must recognize that scallops caught by Nova Scotia fishermen in waters off the Carolina coast require more and better attention than those originating from the nearer Georges bank. I would urge the close co-operation of all fishermen, as well as buyers, in assuring the consumer of a high quality product resulting in a better price to the fishermen.

I also want the hon. member to know that a specially equipped experimental fisheries vessel with a departmental officer aboard left yesterday for the Carolina ground to test the effectiveness of refrigerated sea water as a chilling medium for storing scallops at sea.

Mr. Crouse: I wish to thank the minister for his thorough reply. In addition to the measures he has already taken, has he suggested to his fisheries staff that they spend more time with the scallop fishermen, informing them of better practices in icing their catches which would eliminate the possibility of further fish being withheld from the market?

Mr. Robichaud: This is being done. In fact officers from outside regions have been into this area to assist the fishermen in the proper handling of scallops.

NATIONAL DEFENCE

VALCARTIER CAMP—COMPLAINTS RESPECTING SHANNON AREA

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I would direct my question to the Associate Minister of National Defence and ask him whether he is now in a position to report on the investigations into complaints with respect to the Shannon area to be expropriated in order to add to the space available at Valcartier Camp.

Hon. Léo Cadieux (Associate Minister of National Defence): We have made a complete review of this project and we are now considering what the possible alternatives to Shannon might be. We intend to go on the ground as soon as the snow has gone. We shall then see the people concerned and get their views, which will be taken into consideration before a final decision is reached on the subject. This should be later this month—I think in the last week of April.

HOUSING

HAMILTON—REQUEST FOR ASSISTANCE IN BUILDING SEWER

On the orders of the day:

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): I wish to address a question to the Minister of Labour in his capacity as minister responsible for Central Mortgage and Housing Corporation. Has the minister been contacted by the Hamilton Board of Control with reference to its desire for assistance in the construction of a $6 million trunk sewer designed to open up 900 acres of C.M.H.C. land for home construction?

Some hon. Members: Order, paper.

Mr. Speaker: This is a question for the order paper.

[*Translation*]

BRIDGES

TROIS-RIVIÈRES—REQUEST FOR CORRESPONDENCE

On the orders of the day:

Mr. Clément Vincent (Nicolet-Yamaska): Mr. Speaker, I wish to direct a question to the Minister of Transport.

[Mr. Crouse.]

In view of the statement made a little earlier by the Parliamentary Secretary to the Secretary of State, could the minister consider the possibility of tabling the documents asked for by the notice of motion for production of papers of the hon. member for Trois-Rivières which was passed last February 2, and which we are still waiting for.

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): I would have to look into that, sir.

DRUGS

MARZINE—USE BY AIR LINES AS SICKNESS REMEDY

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I have a question to address to the Minister of National Health and Welfare. In his absence I would address it to his parliamentary secretary. I may say I had given the minister notice. My question concerns the use of a drug called marzine which is now issued only on doctors' prescription. Is this drug being dispensed on Canadian air lines as an air sickness remedy?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): This matter is now under investigation.

NATIONAL DEFENCE

NEW PAY SCALE FOR AIR FORCE PILOTS—RESIGNATIONS OF NAVIGATORS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I have a question for the Prime Minister. Does he intend to take any action to prevent the resignation of R.C.A.F. navigators and other aircrew, because of the discrimination they feel is being practised by reason of the recent pay increases for R.C.A.F. pilots.

Right Hon. L. B. Pearson (Prime Minister): I think this matter was dealt with very fully by the minister yesterday.

Mr. Pascoe: The question, Mr. Speaker, is prompted by a telegram I received from an R.C.A.F. navigator stating that he had resigned because of the pay policy announced by the Minister of National Defence.

WINTER WORKS

EXTENSION OF DEADLINE BECAUSE OF UNFAVOURABLE WEATHER

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, my question is directed to the Minister of Labour. Does the minister not think that construction today which fails to meet deadlines because of six weeks or more of extremely cold and stormy weather should receive equal consideration to that received by those affected because of flooding.

Mr. Speaker: Order. The hon. member's question is not acceptable.

TRADE

HIDES AND SKINS—REQUEST FOR QUOTA CONTROLS

On the orders of the day:

Mr. Jack A. Irvine (London): Mr. Speaker, I have a question I wish to direct to the Minister of Trade and Commerce, and it is prompted by representations which have been made to me by London manufacturers. Is it the intention of the minister to establish quota controls on the export of Canadian cattle hides and calf and kip skins to protect our export markets and to prevent inflation of shoe prices in Canada.

Mr. Speaker: Order. This question should be placed on the order paper.

TRANSPORT

PRINCE EDWARD ISLAND CAR FERRIES—INCREASED FARES

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is addressed to the Prime Minister. I wonder whether the Prime Minister would inform the house whether or not he received a telegram today from the Premier of Prince Edward Island announcing that at yesterday afternoon's sitting of the legislature in Prince Edward Island a unanimous resolution was passed protesting the announced increase of fares to be charged on the car ferries, and if so, may I ask what action is being taken in this regard.

Right Hon. L. B. Pearson (Prime Minister): The answer to the first part of the question is yes, and the answer to the second part will be given by the Minister of Transport.

Inquiries of the Ministry

Hon. J. W. Pickersgill (Minister of Transport): The Canadian National Railways did announce that they did not intend to continue to sell return tickets. This is the only increase in a great many years, and it is a very small increase indeed.

Mr. MacDonald (Prince): Mr. Speaker, I have a supplementary question. Would the Minister of Transport tell us exactly what percentage of increase this would mean.

Mr. Speaker: Order, please.

The hon. member for Bruce.

AGRICULTURE

STABILIZATION PAYMENTS TO DAIRY PRODUCERS

On the orders of the day:

Mr. John Loney (Bruce): Mr. Speaker, my question is directed to the Minister of Agriculture. Would the minister inform the house whether final stabilization payments to dairy producers have been completed for the last dairy year.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, there have been 135,000 cheques processed, and farmers of Canada have received a total of $18,750,000 to date, the highest payments in history. Claims are still coming in at the rate of about 750 per week.

[*Translation*]

QUEBEC—REQUESTED COMPENSATION FOR CROP FAILURES

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. In case of poor crops and agricultural disasters in the province of Quebec, to what extent does the federal government help the farmers in Quebec at this time?

Mr. Speaker: That question seems of a very general nature and I wish to point out to the hon. member that it cannot be asked at this time.

Mr. Caouette: Mr. Speaker, does the federal government help the Quebec farmers when there is a disaster?

Mr. Speaker: There again, it seems to me that the hon. member is asking a question of a very general nature and I do not think that it is in order.

Inquiries of the Ministry

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I have a question for the Minister of Agriculture.

Did the government of the province of Quebec request assistance for farmers who experienced crop failure?

Hon. J. J. Greene (Minister of Agriculture): Yes, Mr. Speaker.

Mr. Ricard: I have a supplementary question, Mr. Speaker. Did the federal Department of Agriculture comply with such request?

Mr. Greene: Yes, Mr. Speaker.

[*English*]

UNEMPLOYMENT INSURANCE

REQUEST FOR COVERAGE OF FARM WORKERS

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to direct a question to the Minister of Labour. Has the minister received a resolution unanimously passed by the legislature of Prince Edward Island urging the federal government to introduce amendments to the Unemployment Insurance Act which would allow farm workers to be covered by unemployment insurance? Also in this connection, I should like to ask whether their hopes are expected to be met by the legislation forecast in the Speech from the Throne?

Hon. J. R. Nicholson (Minister of Labour): I thank the hon. member, Mr. Speaker, for having given me notice of his question. I have made inquiries. As yet I have not learned of any resolution such as that to which the hon. member has referred; but in the course of inquiries I learned—and I think the house will be interested in this information—that an interdepartmental committee has been looking into proposed amendments to the Unemployment Insurance Act and regulations. The work of this interdepartmental committee is well advanced. I have been promised their report within a matter of the next two or three weeks. When that report has come to hand and been considered by me it will be submitted to the government. I also wish to re-affirm the assurance that was given by the Prime Minister some months ago to the effect that, in due course there will be a revision of the regulations and the Unemployment Insurance Act, and that unemployment insurance will be extended to employees on farms in Canada at that time. I hope these changes will be possible before the conclusion of this session.

[Mr. Speaker.]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to ask the Prime Minister whether he would accept my thanks for his tabling today of some correspondence which I asked for on March 1, together with the very interesting additions thereto. I should also like to ask him, in connection with the inclusion of British Columbia, which is within the ambit of the subsidy program, whether he would convey to the Minister of Transport my compliments on the improved functioning of that portion of his anatomy which lies above the neck.

Mr. Speaker: The hon. member for Villeneuve.

EDUCATION

REQUEST FOR FEDERAL ASSISTANCE TO ADULTS

On the orders of the day:

Mr. Robert Stanbury (York-Scarborough): Mr. Speaker, I should like to ask the Prime Minister whether yesterday he received representatives of the Canadian Association for Adult Education who presented a white paper on the education of adults in Canada; also I should like to ask him whether the government will give urgent consideration to the white paper's important recommendations, including the recommendation in respect of a federal office of education.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I received a delegation from this important association yesterday morning and they presented to me a white paper. I have read it; it is a very interesting and important document and we will be giving consideration to it.

HEALTH AND WELFARE

MEDICARE—INQUIRY AS TO LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Prime Minister. Now that the Prime Minister has kept his promise to get the Canada Assistance Plan and collective bargaining in the civil service on the order paper, what about medicare? Will it be on the order paper when we come back after Easter.

Right Hon. L. B. Pearson (Prime Minister): I hope so, Mr. Speaker.

Mr. Speaker: Order. I regret to advise hon. members that the question period has expired.

AGRICULTURAL REHABILITATION AND DEVELOPMENT ACT

AMENDMENTS CHANGING NAME AND EXTENDING APPLICATION

Hon. J. J. Greene (Minister of Agriculture) moved the third reading of Bill No. C-152, to amend the Agricultural and Rehabilitation Development Act.

Mr. Vincent: Wait a minute.

Motion agreed to and bill read the third time and passed.

• (4:30 p.m.)

AERONAUTICS ACT

Hon. G. J. McIlraith (for the Minister of Transport) moved the third reading of Bill No. C-153, to amend the Aeronautics Act.

Motion agreed to and bill read the third time and passed.

BILLS OF EXCHANGE ACT

PAYMENT OF CHEQUES ON NON-JURIDICAL DAYS

The house in committee on Bill S-14, to amend the Bills of Exchange Act—Mr. Sharp—Mr. Batten in the chair.

On clause 1—*Cheques.*

Mr. Lambert: Mr. Chairman, this bill has been considered in committee and there was an amendment which received the approval of the members of the committee. On behalf of the opposition I would ask for quick passage to assist the banks so they may remain open on Easter Monday.

Some hon. Members: Hear, hear.

Clause agreed to.

Clause 2 agreed to.

Bill reported and read the third time and passed.

CANADIAN NATIONAL RAILWAYS

AUTHORIZATION FOR CONSTRUCTION OF LINE IN NORTHWESTERN ONTARIO

Hon. John N. Turner (for the Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize and to provide for the construction of a line of railway in the province of Ontario by Canadian National Railway Company from the vicinity of Amesdale on the Redditt sub-division of the Canadian National Railway in a north northwesterly direction for a distance of approximately 68 miles to a point in the vicinity of Bruce Lake, in the district of Kenora, at a total estimated expenditure of $11,100,000, not to be exceeded by more than 15 per cent.

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

Mr. Starr: Mr. Chairman, I wonder whether the minister acting on behalf of the Minister of Transport can give us some detail as to the necessity for the construction of this line.

Mr. Turner: Mr. Chairman, this resolution is in the standard form. It simply authorizes the railway to expend the necessary amount of money. There is no expenditure from the Consolidated Revenue Fund involved. The company has written the minister of the department and assured him that there is a guaranteed income in terms of total tonnage and that everything in the standard form has been satisfied. This proposition is deemed by the company to be a worth-while enterprise, and the company seeks the authority of this house to commence construction.

Mr. Bell (Saint John-Albert): Mr. Chairman, I should like to ask whether it is not usual to send this type of resolution to a standing committee of the house.

Mr. Turner: The house has the option to either deal with this resolution in the committee of the whole or send it to a standing committee.

Mr. Lambert: That can be done only after second reading.

Mr. Turner: That is correct. We are now at the resolution stage.

Mr. Lambert: This resolution calls for authorization for an expenditure of $11 million. Of course that money is recoverable, but the construction of this line involves capital construction grants for which this house has some responsibility. I think it is incumbent upon the government to inform the house why this line is necessary. We are all interested in development, but we do not want to authorize a development over muskeg or through mosquito ponds. Obviously there is a good reason for the construction of this line, but I think the minister should give the committee all the information he has in order to clarify the situation.

Mr. Turner: Mr. Chairman, perhaps I could undertake that, after the bill is introduced and given second reading, it will be sent to a

standing committee, if that is the desire of the house, in order to save some time at this stage.

Mr. Bell (Saint John-Albert): Mr. Chairman, if we have the assurance that the proposed bill will be referred to a standing committee perhaps we can defer any statements until that time.

Mr. Turner: I will give that assurance, Mr. Chairman. I think this would save the time of the committee.

Resolution reported and concurred in.

Mr. Turner thereupon moved for leave to introduce Bill No. C-165, respecting the construction of a line of railway in the Province of Ontario by Canadian National Railway Company from the vicinity of Amesdale on the Redditt sub-division of the Canadian National Railway in a north northwesterly direction for a distance of approximately 68 miles to a point in the vicinity of Bruce Lake, in the district of Kenora.

Motion agreed to and bill read the first time.

• (4:40 p.m.)

Mr. Vincent: On a point of order, Mr. Speaker, a few minutes ago we passed Bill No. C-152 and I want to know whether this bill was passed as amended.

Mr. McIlraith: Yes, it was.

Mr. Vincent: I was waiting for a copy of the bill and before I received a copy the bill was given third reading and passed.

Mr. McIlraith: It was passed as amended. Unfortunately some copies of the bill as printed on first reading were distributed to hon. members. I checked on this point, and the amendment was concurred in at the committee stage. The bill given third reading is the bill as amended.

Mr. MacLean (Queens): Mr. Speaker, perhaps I could ask the house leader whether the bill as amended was reprinted and is available. I am not making a point of this, but I should like to know whether it is available.

Mr. McIlraith: I believe there were no reprints of the bill. At least, if there were they were not available at the table.

Mr. Vincent: On the same point of order, Mr. Speaker, may we know exactly what the amendment was?

[Mr. Turner.]

Mr. McIlraith: I did not refer to *Votes and Proceedings* but I checked with the appropriate authorities to make sure of the position, because an hon. member had privately raised the very point now being discussed. I went to the Clerk to check the record, and the bill as amended was passed.

Mr. Starr: Further on the point of order, Mr. Speaker, I think the record should be clear so that all members of this house are satisfied that the amendment referred to a moment ago was concerned with the change of name of the act.

Mr. McIlraith: Yes, it was concerned with the change of name.

Mr. Starr: So the act will still be called ARDA?

Mr. McIlraith: That is right. The amendment was to the clause dealing with the change of name.

FAIR WAGES AND HOURS OF LABOUR ACT

AMENDMENTS RESPECTING HOURS OF WORK, RATES OF PAY, ETC.

Hon. J. R. Nicholson (Minister of Labour) moved the second reading of Bill No. C-2, to amend the Fair Wages and Hours of Labour Act.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Lewis: Mr. Speaker, may I ask whether the Minister of Labour (Mr. Nicholson) would be good enough to explain the bill and any representations that have been made to him with respect to its contents.

Mr. Nicholson: Mr. Speaker, the purpose of this bill is to amend the Fair Wages and Hours of Labour Act. This act was passed originally in 1935, being chapter 39 of the statutes of that year. The purpose of the present bill is to bring the wages and hours standards in this act into conformity with the standards of the Canada Labour (Standards) Code enacted by parliament last year.

It has been the policy of the federal government for many years to establish wages and hours conditions for work on government construction contracts. This act relates to government construction contracts only. The wages required to be paid are the rates found to be prevailing in the district in which the work is to be performed for each class of

work. The hours standard, however, was specifically set down on a national rather than a local basis. In the act as it now stands these hours are established at eight hours a day, and 44 hours a week, unless longer hours are authorized in special circumstances.

In accordance with the principles which parliament approved last year in the Canada Labour (Standards) Code, the proposed amendment will make it a condition of a federal government construction contract that $1.25 an hour will be the minimum rate to be paid for work on all such contracts if the prevailing standard for any class of work in any area should be less than $1.25. If it is more, the hourly rate is not changed; we want to be sure that it will be brought up to the minimum rate fixed in the Labour Standards Act. If the bill becomes law the standard work week on federal government construction contracts will be 40 hours rather than the present 44, and an overtime rate of time and one half will be required after 40 hours in a week.

Also in line with the hours of work provisions of the Code, contractors will be permitted to work longer hours than under the existing legislation without the necessity of obtaining a permit. At present a permit is required, if it is found necessary to work more than 44 hours in a week. I might say that a substantial number of permits have been issued when work has had to be completed in a short season or in circumstances where completion of a contract was urgent. It is therefore proposed that the act be amended, in accordance with the bill now before the house, to permit the contractor to work up to 48 hours a week without a permit, so long as the overtime rate is paid after 40 hours.

At the present time a contractor is not penalized in any way if he is found to have failed to carry out the wages and hours conditions of his contract. The government considers that contractors who violate the labour conditions of their contracts should be subject to penalties. Having practised law for many years, it is my opinion that it is absurd to have a situation in which no penalties are provided. Accordingly an amendment is being introduced in the bill which will require that a construction contract shall contain a provision establishing liquidated damages in case of default in carrying out the wages and hours conditions.

In answering the second question asked by the hon. member for York South (Mr. Lewis) I would say that over the past year my predecessor and I, as well as senior officials of my department, have discussed the changes required in the Fair Wages and Hours of Labour Act with both employer and union representatives of the construction industry. In fact, I had consultation with one of the leaders in the construction industry today. I advised him that following the announcement of government business last night, this bill would be considered in the house today. A number of helpful suggestions were made during the discussions to which I have referred. We have incorporated some of the suggestions in the bill and we shall be discussing others later with industry when the regulations under the act are being revised.

Mr. R. E. McKinley (Huron): Mr. Speaker, I should like to begin my remarks in connection with this bill with some general observations regarding government legislation on hours of work and pay per hours of work. In recent years such legislation has become more prevalent in our society. I expect this is because of pressure of certain groups upon the government. We appreciate that legislation in this connection has traditionally served a two fold purpose, namely that of protecting workers against exploitation and contractors against unfair competition. It is very difficult to set a standard of wages and hours of work that would apply equally to all Canadians, because of the different circumstances in rates of pay and relationships between employers and employees in various parts of the country.

• (4:50 p.m.)

It seems very apparent a serious mistake is being made in this Bill No. C-2, which endeavours to regulate the hours of work performed under government contracts. At times when the work may be taking place many miles from the employee's home, the employee would appreciate the opportunity of spending more time on the job in order to increase his weekly pay. Many of these working conditions can be, and are being, agreed upon between contractors and their employees at the present time. It is my submission that once a contract has been let at a certain figure, the government should no longer dictate to the contractor or his employees. Many construction firms and labour organizations feel very strongly along these lines.

Labour has fought for many years for the right of free negotiation with contractors, and labour representatives do not appreciate undue interference with their negotiations. I

could say many things about management and labour relations in other industries and government legislation governing labour. However, since this bill is directed strictly at government contracts, I will confine my remarks to that subject.

I should like to mention further that the kitchen attendants and waiters at two air force bases in my riding received pay increases. However, at the same time their hours of work were reduced to 40 hours a week, so the end result was no increase in take-home pay. This was not what the working people of Canada want in the way of government legislation, and this is especially true at a time when there is a shortage of workers.

There are some changes I should like to see in the bill. The first would be no restriction on the hours of work: all negotiated paid employee contributions should be incorporated into the fair wage, wherever they exist. As we know, there is often a difference in this respect between companies and contractors. Possibly a recognition of the different types of construction work throughout the country is necessary. This suggestion is based on a desire to eliminate difficult and disruptive influences in the industry. I would propose that all conflicts over freely negotiated hours of work should be avoided in all types of construction work in a given labour market.

Then, too, a 30 day limit should be imposed on the registration of any violation of the labour code. If this were done a worker could not come back after one or two years and cause a contractor a great deal of difficulty in attempting to prove there had not been a violation of the labour code. The overtime permit procedure should be limited. I understand that this is being looked after. It has been a nuisance to many contractors when they have been required to get a permit for overtime work, especially on those jobs where the workers desired to work overtime. I would be interested in hearing the minister clarify some of these points.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, it seems utterly ridiculous to me to introduce this bill to amend the fair wages and hours of labour act because, for instance, the minimum wage is set at $1.25 an hour. Here is what paragraph 1 says:

> (a) "fair wages" means such wages as are generally accepted as current for competent workmen in the district in which the work is being performed for the character or class of work in which such workmen are respectively engaged; but shall in all cases be such wages as are fair and reasonable—

And the minimum wage is set at $1.25 an hour for competent workmen.

I understand that the minister will be able to claim that nobody prevents a contractor from paying his employees $1.50 or $2.00 an hour. However, one thing remains; the minimum wage, in view of the cost of living at this time, is clearly insufficient.

Moreover, in the explanatory notes of Bill C-2, one reads:

> The main purpose of this bill is to amend the *Fair Wages and Hours of Labour Act* to change the general standard of hours of work on federal government contracts from 44 hours in a week to 40 hours—

Let us take the case of a worker who now earns $1.25 an hour. If he works 44 hours a week, his salary is $55 a week. With the new legislation, if his salary remained the same, he would get only $50 a week, that is $5 less than previously.

I do not see in this bill any provision which would guarantee to the worker the same weekly salary, that is the same salary for 40 hours of work that he is now getting for 44 hours of work.

If another worker earns $2 an hour, and works 44 hours a week, he gets $88. If he works only 40 hours a week, he will get only $80, that is a decrease of $8 in his weekly income.

In my opinion, that bill should include some provisions to guarantee that the worker's salary will remain the same for fewer hours of work.

If he only works 40 hours a week, under the new provisions of the act, then his salary should be adjusted accordingly and he should be assured that his take-home pay will not be reduced.

In view of the present economic situation, I think such measures are essential at this time and that the Minister of Labour (Mr. Nicholson) should state that all workers carrying out federal contracts will actually get the same salary, in spite of shorter working hours, they are now being paid under a 44 hour week.

Mr. Speaker, may I point out it is five o'clock?

[*English*]

Mr. Deputy Speaker: It being five o'clock, the house will now proceed to a consideration

of private members' business as listed on today's order paper, namely, notices of motion and public bills.

Mr. Nicholson: In view of the fact this bill has been on the order paper for some time and that some members of the house have expressed a desire to get the legislation through as soon as possible, I wonder if there is any possibility of proceeding with it? It is an anomoly that when parliament by an overwhelming vote has stated there should be a minimum wage, and a maximum 40 hour week without overtime for such industries as come within federal jurisdiction, yet we are not in a position to impose these restrictions when we let federal contracts. I am hopeful that hon. members might not see the clock for a few minutes until we get this legislation through.

• (5:00 p.m.)

Mr. Starr: I appreciate the desire of the Minister of Labour to get this legislation through, and we share that desire. However, a great deal of time was taken up by statements on motions by ministers and replies by hon. members, and this is a short day. There was a great deal of time taken up by written and oral questions. However, in the last 20 minutes we have passed four pieces of legislation. I am sure the minister does not want to cram this through at this late hour. In any event, the government house leader and I agreed earlier today that we would proceed, in view of what has been done, with the private members' hour.

Mr. Nicholson: I am in the hands of the house, Mr. Speaker.

OLD AGE SECURITY ACT

SUGGESTED AMENDMENT TO INCREASE PENSIONS

Mr. Eric A. Winkler (Grey-Bruce) moved:

That, in the opinion of this house, the government should give immediate consideration to the advisability of introducing a measure to increase the amount of pension provided under the Old Age Security Act to $100 a month and lowering the age of eligibility of applicants to 65 years.

Mr. Knowles: Carried.

Mr. Winkler: Mr. Speaker, I would welcome a decision of the house in regard to the resolution standing in my name; and I appreciate the comment which came from my left. If it was any indication to me that this would be the result, then because, in the first instance, this is merely a resolution, and second, because it is for the guidance of the government, I would very gladly resume my seat and allow hon. members to indicate their opinions on the question.

Since approval of a motion does not normally occur in private members' hour, and since I have rarely had the opportunity to discuss any business during the course of this hour, I should like to say just a few words in order to allow members of the house to give the government the benefit of their decisions with regard to this matter.

I am very pleased, as are other hon. members of the house, to see a government resolution in the name of the Minister of National Health and Welfare (Mr. MacEachen) on the order paper dealing with this question, and other plans in social justice. The house of course, knows the many times I have brought this matter to the attention of the government, both through the Prime Minister (Mr. Pearson) and the Minister of National Health and Welfare and, I must admit, also through my colleague from Winnipeg North Centre (Mr. Knowles). We are not too far apart in our views in this regard.

Very few of the members in the house today would deny that repeatedly during the course of the last election campaign this subject was made a very great issue. I would put before the house and the country today the thoughts I had on this question, as well as what I thought was necessary for people who must exist on the old age security pension and also on old age assistance.

One way or the other these questions are included in the resolution of the minister. A wealth of research information has been placed before us following upon the hearings before the committee of the other place, and I think that this fact has expedited the appearance of the resolution now standing in the name of the Minister of National Health and Welfare. I am well aware that a vast number of members and supporters of the government know the feelings of the people in their constituencies who are concerned over this very important matter.

I do not think I need refer to the tremendous increase in the cost of living which has taken place since this government took office. Neither do I think I have to make reference to the status of people who are subjected to living on this income—and I say that with all

justification. Therefore, Mr. Speaker, whether or not this resolution is accepted holusbolus, I believe the government should increase old age assistance, and the old age security pension to $100 a month forthwith.

I have also taken note of the many other areas of social justice referred to in the government resolution, and in this regard another matter I should like to put before the house this afternoon is this. I think it is high time that some definition of the word "disability" were given, as it relates to the awarding of disability pensions. For too long now we have been at the mercy of people who make arbitrary decisions in this regard. I am sure that every hon. member is besieged from time to time by people who can no longer earn their own livelihood because of the fact that someone in authority has stated that they are not permanently disabled, when in fact they could not earn five cents an hour even if hired on a production line.

This is a regrettable state of affairs. The government must accept the responsibility now of clarifying this provision under the Disabled Persons Act. In this enlightened age of affluence which we are enjoying it should not be difficult or beyond the bounds of reason for the government to make this matter clear.

As I said initially, Mr. Speaker, this was a course which I followed during the last election campaign. I am not going to boast about the results I had in the campaign; they are open to scrutiny by anybody. But I do recall that a cabinet minister in the last Liberal government stated that the main reason he was defeated in the last election was because of the Conservative platform of $100 a month for our old age pensioners.

The situation today is such that I know that if given the opportunity, the vast majority of the members of the house would stand up and support the terms of this resolution. I know that all my hon. friends to my left would. As a matter of fact, if the members to my far left had acted in accordance with their consciences, I know that the government would have been defeated in one of the earlier confidence motions during this session. I believe it is as a result of the careful consideration which has been given to suggestions made by the opposition members that the government is finally going to take action on behalf of the people who come within this great area of need.

I now wish, Mr. Speaker, to resume my seat, having taken very few minutes of the time of this house. I think you, Mr. Speaker, perhaps more than some of the other members of the house, know the degree of fairness I like to show when I deal, not only with the government but with all members of the house. The only favour I am going to ask of this government in this parliament is that they allow us to voice our opinions by way of a vote on this resolution, with the stipulation that it is intended for the guidance of the government.

Mr. Sharp: May I ask the hon. gentleman a question?

Mr. Winkler: Surely.

Mr. Sharp: I should like to see whether I understand the position on the resolution. Is the hon. gentleman also including in this the consideration that the cost involved should be met out of the Canada Pension Plan, as he and his party advocated during the last election?

Mr. Winkler: Mr. Speaker, the minister belongs to a government which does not have much regard for the way it spends money. He can find the money from wherever he wants; it will not matter to me, as long as he increases this very necessary payment to people who are in receipt of the old age security pension and old age assistance.

Mr. Richard Cashin (St. John's West): Mr. Speaker, I welcome an opportunity to participate in the discussion this afternoon, and I congratulate the hon. member for bringing this matter once more to the attention of the house. As all hon. members realize, it is indeed a vital question.

• (5:10 p.m.)

I might say that this is the third consecutive April that I have had the opportunity in this house to speak on matters pertaining to social security, and I should like to reiterate something I said on two previous occasions in the general area of social security. Over the past 30 years, in our approach to this subject, we have allowed a great many anomalies to creep into the law. In many areas this has been ignored. In my view one of the prime reasons for this is the fact that politicians, being what they are—and this is true at least in part of all parties in this house—have talked from time to time about these measures of social security as a result of pressure being brought to bear on them by various groups in the country. It may well be that the course of action advocated is justified. Of

course it may be that the justification has been helped greatly by the pressures placed on various politicians to do these things.

In common with other hon. members, I feel that in many instances, and perhaps in the vast majority of cases, $75 a month is not at all sufficient for the old people of this country.

Reference was made, Mr. Speaker, by the hon. member who preceded me in this debate, to the way he conducted his campaign. Judging by the results and by the many elections he has fought, he undoubtedly conducted himself very well because he is now a most successful member of this house. I congratulate him for that. He made reference to the question of this $100 a month. I, too, would like to make reference to the type of campaign conducted in St. John's West, Newfoundland, and to that conducted by my colleague from St. John's East (Mr. O'Keefe). Both of us conducted our campaign in a manner consistent with what we both have said in this house. Really, all that we have done in social security is to approach it from a broad and comprehensive approach. Many areas of need exist.

I know if the hon. gentleman who spoke were to refer to his mail from his constituents, he would find what I have found. I realize from the many letters I have received, that many people who are not old age pensioners, are looking for assistance. As a result of this, over the past few years I have had an opportunity of making a relatively complete study of the type of assistance that is available to various groups, including old age pensioners, in this country. I refer to those groups who are very much in need of assistance.

Anyone who looks at the facts will find out that while $75 a month may never be adequate, there are many other groups of people in this country who have to survive on much less. I refer particularly to widows with young families. There are many other people falling into this class. I know of many persons in my constituency belonging to that group who might be termed the forgotten people of Canada.

Therefore, any government which is to deal with the problem of social security, if it is really to hold true to the principles of social justice must look at the whole area of need to determine what can be done on the basis of the resources available to the country.

When one makes a statement like that I suppose it is like Abraham Lincoln's definition of the responsibilities of government. Anybody can agree with it. A person of a conservative viewpoint can say, "That is very practical" and a person with a radical viewpoint may say the same thing. What really determines the difference is the way we apply this principle of social justice, personally.

Over the years we may have had periods in our history when we have not paid enough attention to social security. However, in the last few years perhaps we have been paying more attention to social security than we had before that time. The result is that today there is a greater awareness than ever before. There is a greater awareness now than there was even a couple of years ago on the part of members of the House of Commons and on the part of the public generally about social security. Not only old age pensioners but a great many other groups of people need to be attended to by the federal government. Many areas of social security are within the jurisdiction of the provinces. We find that one of the difficulties is in the field of the financial abilities of various provinces to cope with this situation.

Therefore, in answer to the hon. member's speech, I hope that when the resolution on the order paper to which he made reference comes before this house for debate he will give it his full support. I say that, because I think that this Canada Assistance Plan is an enlightened and certainly a much needed approach to social security. It will cover for the first time not only old age pensioners, who are very much the concern of this resolution, but other groups as well.

There are various ways in which the $100 a month can be financed. I think it is to these that the most practical considerations of any government must go. For instance, if we were to grant across the board $100 a month to old age pensioners, we know that it would cost in the vicinity of $800 million. Were the government to incur that kind of expenditure, what would happen to other programs for other people in need?

Many other social demands besides the one raised in the resolution are placed on the government. Those demands include such fields as education, retraining of the unemployed and other very necessary social programs which could have an impact on the economy of our country. When we talk about $100 a month, we must determine what it is that we are really trying to do. We must relate this to the cost, and we must try to come up with the best way of doing it.

In the light of the present circumstances I know that it is much easier for any politician to go out on the hustings and say to the constituents, "Well, we are going to give $100 straight across the board" because that covers those who need the money very much; it covers those who have less need for the money, and it covers those who perhaps do not have a need for it. The point is that it will cost the treasury a considerable amount of money.

It may be that any government happening to be in office, be it Liberal, Conservative, or otherwise, were it to raise the old age pension would tend to think it had done something wonderful in social security, and therefore would continue to neglect some other areas of need.

May I say that I think there are other ways at this time by which we can accomplish the purposes implicit in the resolution now before the house. That is to say, we may be able to provide additional assistance to old age pensioners through the Canada Assistance Plan which will be coming before the house at an early date. I am afraid I cannot comment on it. However, I am sure that it will meet with the approval of members of the house. In saying that I know that there will be hon. members who will feel that they would rather see an increase to a straight $100, because they will be afraid that under the Canada Assistance Plan there may be certain areas of need, as in the case of old age pensioners, which will not be met because ten provinces of Canada will be doing the administering, and perhaps for other reasons. I feel that by the provisions of the Canada Assistance Plan the government is, in part, meeting the problem implicit in the resolution before the house today.

There may be other ways to approach this matter. Many hon. members in the house were particularly attracted to the Senate report, commonly referred to as the Croll report. It appeals to me, because in the administrative sense it seems in terms of social justice to guarantee practically a minimum income to our older Canadians.

I think that is the direction in which this country ought to be heading. In matters of social security in the past, that has been our approach. It has been the peculiar position of the federal government as related to other fields of need, which has caused it to branch into those other areas of social need. Therefore I say again that while our approach to the problem of old age pensions may not be all that perhaps it ought to be, it is more comprehensive than is the approach to almost any other area of social security.

• (5:20 p.m.)

So, if we move in the direction of providing a minimum income for older people I think we shall be accepting this principle of guaranteed minimum incomes and that we would go on from there at some later date in our development to making guaranteed minimum incomes available to other categories of people. This is, if you will, the cleanest way, the most honest way and the fairest way in which to meet this pressing social problem.

In the 30 years or more which have passed in this country since we began dealing with social security in a serious way we have built up a program based on a philosophy which is today, in my view, outdated. It has been based on the philosophy of the hand-out. I think this kind of approach is being taken far less frequently by members of all parties in this house, although I am dismayed from time to time when I attend meetings of boards of trade and similar bodies and find people there, no doubt with good intentions, still behaving as if welfare represented a kind of drain from the people who have to the people who have not, whereas what we are trying to do in reality is to give various classes of people better opportunities to fulfil themselves as Canadians.

We should remember that there are many groups of people, scattered and hidden throughout this country, who do not now receive even the level of assistance which is available to our old age pensioners. Many of them are not yet 50. They include widows with families, young people who have dropped out of school and who cannot find suitable jobs, people who have to draw social assistance—all of them people whose dignity is being severely damaged. I recognize the honest differences we may have on this subject, but the fact that so much was said during the past election campaign about this $100, important as it may be, could lead to our forgetting some of these other claims. When we talk about old age pensioners and their pressing needs we should remember there are many other groups in this country for whom little has been done up to now, either by Liberal or by Conservative governments to bring them into line with the benefits now available to our senior citizens.

This is, in part, a constitutional problem—at least, a constitutional problem presents itself in one piece of legislation to which

the hon. member for Grey-Bruce (Mr. Winkler) had made reference. I hope that when these matters are discussed further during the course of the next few months we shall all examine them in an effort to find the best and most acceptable way, both in terms of economics and of social justice, of providing pensioners with the assistance they need, and in this way help to establish a more comprehensive approach toward social security in this country than in the past.

Mr. Winkler: Would the hon. member permit a question? Does he really think that the resolution before us raises a constitutional question?

Mr. Cashin: No. I think—

Mr. Winkler: Thank you. That is all I wanted to know.

Mr. Stanley Knowles (Winnipeg North Centre): Like the hon. member for Grey-Bruce (Mr. Winkler) I shall keep my remarks very brief because I should like to see this motion voted on by the house. I congratulate the hon. member for Grey-Bruce not only on presenting this motion but on the luck of the draw which enabled his motion to be discussed before some others. There are three or four motions on the order paper under the heading of private members' business including one in my name, all of which seek the same end, namely an increase in the old age pension to $100 a month and the lowering of the age of eligibility to 65 years right away.

I support this proposition. I have supported it for so long that I hardly need say so. I also wish to make the point that if we are to reform parliament and get some business done here it might be a good thing once in a while to let a private member's motion such as this come to a vote. All the motion says is that in the opinion of the house the government should consider providing $100 a month at age 65.

When this question was before us in two amendments during the debate on the address there were procedural arguments and it was suggested that the passing of either of those amendments would cause the defeat of the government. The passing of this motion would not cause the defeat of the government. It would simply express an opinion of the house, and I believe if the house were free to express its opinion on this issue, as it has been on other issues, it would be categorically in favour of the motion before us.

I listened with interest to the hon. member for St. John's West (Mr. Cashin). He took 15 minutes to tell us what he wanted to say. But what did he say? Really, all he said was that there are other areas where something needs to be done just as urgently as something needs to be done for the old age pensioners. But he did not say when or where we should move. As a matter of fact I believe his speech added up to the using of these other areas as an excuse for doing nothing to raise the old age pension, and I suggest that is not good enough.

Mr. Cashin: Would the hon. member permit a question? Does he not recall that I made reference in my speech to the Canada Assistance Plan which I thought would in a large measure cope with this problem?

Mr. Knowles: Yes, I know the hon. member referred to the Canada Assistance Plan. We have been trying to get the government to proceed with that for a full year. But again he is using that plan, as well as other things undefined, as an excuse for opposing the motion put down by the hon. member for Grey-Bruce.

I do not take second place to the hon. member for St. John's West in my belief that the Canada Pension Plan is good legislation. Indeed, I believe we have got many pieces of worthwhile social legislation on the statute books of this country, put there by the governments which have held office over the years, even if under pressure from some of us. But I think our package of social legislation will not be good enough for Canada in the sixties as long as we leave the old age pension at its present figure of $75. Even though people will begin getting the benefit of the Canada Pension Plan in some future year, I believe, as one who has studied this matter carefully, that at the present moment the level of our old age pension should be brought up to $100 a month.

I am asking the house today to let us have a vote on this issue to see whether this is not the opinion of the members of the House of Commons. The government can then decide whether it wishes to pay some attention to that opinion. Surely we have the right once in a while in private members' hour to express our opinion by a vote. The hon. member for St. John's West made a remark about the mail we get from our constituents. This is something which, I think, impresses all of us. Anyone who has been around here as long as I have gets a great deal of mail, and during

the present session there have been many subjects on which people have been writing us. But in my experience it is still the hundreds of letters from older people telling me of their plight, of their difficulty in trying to get along on $75 a month, which outdistance all the mail I get on all the other subjects. If this is my experience I suggest it is probably the experience of a good many other members of this house.

It is also a fact that all the responsible social agencies in the country have established that an older person simply cannot get along on less than $110, $115 or $130 a month—different organizations have arrived at different figures.

• (5:30 p.m.)

I submit that with these facts staring us in the face, as presented to us by social work organizations, concerning the conditions which our older people face, and as presented to us in the letters our pensioners write to us, that we in this House of Commons ought to have the heart, the decency and the responsibility to act on this motion.

I would like to speak on it at length, Mr. Speaker, but I am pleading for a vote, and therefore I conclude these remarks at this point and urge the house to support this motion for raising old age security to $100 a month right away.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my first words will be to congratulate the hon. member for Grey-Bruce (Mr. Winkler) for having introduced this resolution, and having put it on the order paper, to ask that the old age pension be raised to $100 a month and the age of eligibility of applicants be set at 65 years instead of 70 years as it is today.

While the mover was explaining why his motion should be adopted, the Minister of Finance (Mr. Sharp) intervened to ask if he thought we should raise taxes or include such an increase in the Canada pension plan. The Minister of Finance seemed to wonder where he could find the money to pay $100 to persons of 65 and over. I think that we are taking this matter a little too lightly in this house.

We do think of our old people, but not seriously enough. Like any other member of the cabinet, the Minister of Finance knows very well that a pension of $75 is inadequate at the present time and, during the last election campaign, the Prime Minister (Mr. Pearson), the head of government, promised up to $125 a month to those of our senior citizens who were in need.

But now, four and a half months after the election, the Minister of Finance is worrying about where to find the money to raise old age pensions.

[*English*]

Mr. Sharp: May I say to the hon. member, Mr. Speaker, that I did not ask that question. I asked the hon. member who was speaking at the time whether he intended to finance this out of the Canada Pension Plan, as had been advocated by his party. It is quite obvious where the money would come from: It would come from the taxpayers.

[*Translation*]

Mr. Caouette: Mr. Speaker, I thank the hon. Minister of Finance for making known his stand, but I do not agree with him in that the money required to increase old age pensions would have to be taken out of the pockets of Canadian taxpayers. We now have several plans in Canada: the Canada pension plan, old age security, unemployment insurance, unemployment assistance, the Blind Persons Act, the Disabled Act, and coming medicare, all kinds of plans, the cost of which will be met through taxes.

Now, there is another way of financing an increase in old age pension, of financing social security in Canada. And that method, the Minister of Finance knows what it is. It is the full use of the Bank of Canada in making financially possible what is physically achievable. Instead of calling it a plan, a "master plan", let us call it a national dividend from the new credits of the Bank of Canada.

It is strange, but when war comes, the Minister of Finance does not wonder where the money will come from. The minister knows that in 1939, when war broke out, the government of the day did not go to the taxpayers for money, because they had not had a cent for some ten years, since the beginning of the depression. We went to the Bank of Canada. The Minister of Finance at that time, Mr. Ilsley, managed to use the Bank of Canada credits, to summon forth, right across the country, such war industries as no country in the world has ever known.

It was possible then to find the money and to set up a tremendous war machine in Canada. When it comes to social security, the Minister of Finance will ask us: where will the money be found, where will it come

from? From the pockets of Canadian taxpayers? Let us be logical, and let us face the facts.

The Minister of Finance is aware that the Canadian people are making superhuman efforts and are ready to keep on contributing to the economic development of our country, to the establishment of new industries and to the increase of Canadian productivity. The Minister of Finance is aware of this. But in his budget, he checks the economic development of the country and he will create more unemployment and slow down the progress of the Canadian economy.

The increase in old age pensions must not result in a decrease of the purchasing power of other elements or social classes of our society. Is Canada able to produce enough goods to guarantee to all those who are 65 or over an income of $100 a month? Is Canada capable of producing enough clothing, food, housing, for all our elderly people to live decently in our country? Has Canada the physical possibilities to make life happier for our old people? The Minister of Finance does not ask himself those questions because he knows that Canada can do it, that the production is there, that our stores, our industries are full of all kinds of goods. We are not lacking in clothing, wood, manpower, goodwill, to develop the country.

And the main question which keeps coming up in the house as well as outside is the financial question: Where will the money come from? The taxpayers will pay, the Canadian taxpayers will be taxed more.

Mr. Speaker, when we tax the worker and the farmer, when the government taxes the people, we diminish the purchasing power of that class by that much.

Why not resort to the redistribution of wealth in Canada? If some requisites are taken away from someone earning $5,000 a year to be given to one who earns nothing, the over-all purchasing power of the Canadian people is not increased in any way.

We, in the Ralliement Créditiste, suggest the implementation of the social credit principle to pay a national dividend, not out of thin air but based on what the Canadian people create through productivity.

This year, in 1966-1967, we are advised by the government—and the Minister of Finance said so in his Budget speech—that Canada will produce approximately $54 to $55 billion worth of consumer goods or services. Faced with this huge production, the Canadian people as a whole, and not only in part, will have a total national income of about $40 to $42 billion. There will be a difference of $12 to $13 billion because the government does not try to balance production and the purchasing power or the taxpayers' income.

Mr. Speaker, the Social credit doctrine has been expounded in this house by members from Alberta for nearly 25 or 30 years. Since 1935, members outlined here the Creditists' theory or the Social credit doctrine, but the government has always turned a deaf ear. Instead of gearing the financial system to the production system, the government tries to adjust the production system to the financial system.

Instead of making financially possible what is physically possible, the government tries to make physically possible what is financially possible. Production is adjusted to finance, instead of finance being adjusted to production. That is the weakness of the present system.

Does the minister want to put a question?

• (5:40 p.m.)

[*English*]

Mr. Sharp: Mr. Speaker, may I ask the hon. gentleman a question about something that has always puzzled me regarding his views and the views of those who adhere to Social Credit doctrines? The hon. member has said, and now repeated it, that what is physically possible should be financially possible. I wonder whether the converse is true, that what is financially possible is also physically possible. That has been a problem that has always puzzled me about his financial views.

Mr. Caouette: That is exactly what I just said.

[*Translation*]

Instead of fitting finance to material possibilities, efforts are made to adjust material possibilities to financial possibilities.

I would now ask the Minister of Finance whether, in wartime, this one question was asked: Is there any credit available to make guns and shells or to build war plants?

As the need for war plants, guns, clothing and feeding soldiers arose, the government found the necessary credits. The minister knows that. But with peace, and for the preservation of peace, the minister can no longer find the money to guarantee economic security and personal liberty to each and every Canadian citizen.

In wartime, there were jobs for all Canadian young men and women and there were no unemployed in Canada. But, the minister says it is financially impossible to do it in time of peace. We will not accept this constant tight credit policy, Mr. Speaker.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member for Villeneuve and I appreciate the fact that he can be carried away when talking about financial theories, but I wish to remind him that a specific matter is before the house: the advisability of increasing old age pensions to $100.

Therefore, I ask the hon. member for Villeneuve to confine his remarks to the subject matter of the motion now before the house.

Mr. Caouette: Thank you, Mr. Speaker. I shall comply with your request.

However, I wanted to insist that funds must be found to increase old age pensions to $100 per month.

Now, the present government does not have the means to finance these pension increases. All the government does, is to make promises at election time and to forget those same promises the day after the election. That is all it does.

I suggested the Bank of Canada to the government as a means to finance old age pension increase.

We have been demanding $100 per month for our senior citizens in Canada for the last ten years; with the rise in the cost of living, we will some day ask for $125 per month at age 60, because people 60 years of age can no longer find employment to make a living; even at 40, they are considered too old.

Mr. Speaker, these are considerations that we must eventually face. I do not want to prevent the vote from being taken on this resolution, but I want to give the Liberals an opportunity to prove they are sincere. If they are so desirous of helping the elderly in Canada, they will let the vote be taken on the motion this afternoon.

If they are not sincere toward our senior citizens, all they have to do is to stand up and talk the resolution out in order to prevent it from coming to a vote.

The Ralliement créditiste will vote in favour of an increase of the old age pension to $100 at 65 years of age—

Mr. Habel: How many are you?

[Mr. Caouette.]

Mr. Caouette: My friend, the hon. member for Cochrane, asked me how many members we are. Proportionately, we are more numerous than the members of his own party. In closing, I shall say that we strongly advocate a pension of $100 a month at 65 and that we wish this same pension be paid to needy people of 60.

I shall not talk the resolution out as the hon. member for Winnipeg North Centre (Mr. Knowles) did earlier, and as the mover of the resolution requested, I ask that the vote be taken in favour of our senior citizens, and not in favour of any political party.

[*English*]

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, on an occasion such as this I think the sincerity of one's support for a motion of this kind is indicated more clearly by allowing it to come to a vote than by indulging in a multitude of words. However, I do want to state categorically that we in the Social Credit party are in full support of the resolution now before us, and we intend to give it our support if the government will allow it to come to a vote before six o'clock.

I do not think there is any question in anyone's mind regarding the necessity for an increase in old age security to $100 per month. On a number of occasions we have received communications from individuals who are endeavouring to get by on the present pension of $75 per month. They have provided us with lists of groceries, and their other costs, to show the increase in the cost of living that has taken place over a short period of time.

Here in this house it has been brought to our attention that there has been a constant increase in the cost of living, and we have been warned that this increase will continue throughout this year. For that reason I do not think anyone can argue that an increase in old age pensions is out of line. We hope therefore, that other members will have an opportunity this afternoon to support this resolution and vote on it.

A short time ago we in this party had the opportunity of presenting a compromise formula to the government for its consideration. We did so because the government had indicated quite clearly that it was not prepared to grant $100 per month old age pension at age 65. We regret there has not been any response whatsoever to this compromise proposal, and we must come to the conclusion that the government has not been sincere in its quest for a formula whereby old age

pensions could be increased to bring some relief, especially to those who are in dire need.

The hon. member for St. John's West (Mr. Cashin) referred to the fact that our proposal would cost in the neighbourhood of $800 million. We do not accept that suggestion because old age pensions are universal and there would be a return in the form of income taxes. Of course other types of assistance would be eliminated, and this would drastically reduce the cost from $800 million.

• (5:50 p.m.)

Therefore we believe the government should move in line with the recommendations of this motion. We also call the attention of the government to the fact that veterans, superannuated civil servants and other categories of senior citizens are still awaiting some definite consideration. Many of these people are living in conditions almost of destitution. I have received from a number of old age pensioners organizations the request that we have a free vote on this particular measure. We were allowed a free vote on the matter that was decided yesterday. I realize there is of course a difference in the issue that was before us then and that which is before us now, but it is very difficult for senior citizens to understand why a free vote can be allowed on one issue but not on another that so vitally affects their interests. Therefore, Mr. Speaker, the suggestion is made that this matter should come to a vote today as an indication of the feeling of the house for the guidance and direction of the government in its consideration of this issue.

I would suggest that a vote be taken this evening in order to obtain the decision of the house. I would further suggest that the government should take the result of the vote into very serious consideration. In the debate that was concluded last evening—I shall not refer to it in detail—it was said that treatment of the misfits in our society is a measure of the stature of our nation. In conclusion, Mr. Speaker, may I suggest that the treatment of our senior citizens is a measure of the stature of our nation.

Some hon. Members: Question.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, it amused me somewhat to hear several members clamour for the vote, and then, all of them took the time to speak just the same. One spoke for 29 minutes, another for 14 minutes, and so on. This being so, Mr. Speaker, everybody here would claim his right to speak in this house. I know members on both sides who would like to speak about old age security.

Everybody agrees, I think, that the situation of our old people should be improved. It is a matter of considering the best procedure to be followed for that purpose.

In my opinion, it is not realistic to give $100 to persons of 65, because some of them really need $150 at that age, while others would still not be getting enough, and for others still, $150 would be luxury.

Therefore, I feel that the whole social security program should be reviewed.

A member of the Ralliement Créditiste mentioned an aspect that should be taken into consideration. As things are, obtaining a pension at 65 leads some people to think they are getting old in our society, whereas between 60 and 65, jobs are getting scarce. This is not realistic.

I believe the whole social assistance system should at all costs be revised and reviewed, in a practical way, according to the needs of 1966. Consideration should therefore be given to the manpower program, for instance, as well as to the retraining of the unskilled worker, in short, jobs should be found for those between 55 and 60 years when they are no longer able to work.

The needs of old people should also be taken into consideration, because, as I said earlier, for a few of them, $150 a month would not be enough.

Even if partisanship is forbidden, even if it is said that no political capital should be made out of this question, I believe that efforts are being made to embarrass the government and I shall believe it until I am shown it is not so.

It was stated a while ago, across the floor, that the government did not seem sincere. It nevertheless remains that a bill on social security was announced and it seems to be rather comprehensive. It has not been submitted to us, but if it contains provisions to ensure a guaranteed income to our old people, according to their needs, and if it provides for additional benefits, for instance, when their health makes it impossible for them to survive with the present allowance, in short, if special allowances are paid without too many restrictions and red tape, I think their needs will be more adequately met than if we were to grant them a $100 pension at age 65. It was the leader of the

Ralliement créditiste (Mr. Caouette) who suggested at one time that the pension be set according to the cost of living. That would be more realistic, for it is possible that a $100 pension at age 65 may not be realistic at some future time.

I think a vote at this time would settle nothing. First, the house is now in a minority. It would only embarrass those people who are unanimous in wishing the old people well.

In these circumstances, I think all opposition parties are helping the government by leaving it no peace, by reminding it of its responsibility to do something to meet the needs, not only the old people aged 65, 66 or 70 but of all those in our midst who need to live properly according to 1966 standards. The unemployed, for instance, those who, because of social conditions, cannot find employment, must also be our concern as much as the old people.

Consequently, I suggest to the opposition to keep on harassing the government for a comprehensive social legislation to solve the whole problem, covering all those in need, in a society as affluent as ours where it is inconceivable, even today, to find poverty when so many things go to waste.

I am not concerned about the financial aspect of the matter, for I know that when a practical plan to meet such needs is found, what is materially necessary will be made financially possible.

[*English*]

Some hon. Members: Question.

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, some hon. members are calling for the question to be put. I should like to draw to their attention the importance of the matter under discussion. I was prepared to put forward quite legitimate arguments giving the government's viewpoints with regard to increasing the old age pension to $100 a month. Many members on this side of the house, and I am sure on the other side, would have welcomed the opportunity to speak in this debate today. However, many of them have left for the Easter recess, under the impression that we would continue with government business a procedure which was denied by hon. members opposite. Therefore with all due respect, Mr. Speaker, I should like to call it six o'clock.

Mr. Winkler: Mr. Speaker, I rise on a question of privilege. Did the hon. lady say "denied"?

Mr. Knowles: On a point of order, Mr. Speaker, in view of the desire of the hon. member for Westmorland (Mrs. Rideout) to make her speech, and our desire to hear it, I wonder whether we could have unanimous consent to sit for another hour, perhaps hear her speech and a few others, and then reach a decision?

An hon. Member: No.

Mr. Winkler: On a question of privilege, Mr. Speaker, I would once more ask the hon. lady whether she used the word "denied" in regard to our dealing with government business?

Mrs. Rideout: I said that the minister this afternoon asked for permission to continue with government business.

Mr. Winkler: And he was denied consent?

Mrs. Rideout: Yes.

Mr. Deputy Speaker: Order. The hour appointed for the consideration of private members' business has not expired.

Mr. Knowles: Let us go on.

BUSINESS OF THE HOUSE

Mr. Knowles: Mr. Speaker, is the house leader going to indicate what the business will be for the week in which we come back?

Mr. McIlraith: Yes. We expect to proceed with the budget debate and continue with it through that week. I hope there will be no need to change those plans. I do not foresee any at the moment, and I hope there will not be any need arise in the intervening time.

• (6:00 p.m.)

May I express the hope that all hon. members will have a much needed recess between now and Tuesday, April 19. I hope they will have an opportunity to visit the people in their constituencies as well as an opportunity to visit with their families, so that they will return refreshed and invigorated for the tremendous program of work we have ahead.

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

APPENDIX "A"

NATIONAL WILDLIFE POLICY

CONTENTS

Introduction, 3969

General Wildlife, 3970

Migratory Birds
General policy, 3970
Maintenance and management of habitat, 3971
Control of harvest, 3972
Research, 3972

National Parks Wildlife
General policy, 3973
Research, 3973

Territorial Wildlife
General policy, 3974
Research, 3974

Co-ordination, 3975

NATIONAL WILDLIFE POLICY AND PROGRAM

Introduction

Wildlife, a renewable resource, is one of Canada's great heritages. Yet not enough is being done to ensure its future usefulness to Canadians. As the economy expands, as Canadians find more leisure time at their disposal, as urban development impinges on wildlife habitat, and as farmers and foresters adopt new techniques to protect and improve their crops, the pressures on wildlife steadily mount.

Wildlife contributes to the national economy and provides millions of man-hours of priceless outdoor recreation. There are over 1,000,000 hunters in Canada. In recent years they have spent about $100 million annually in pursuing their sport.

A great number of Canadians and foreign visitors use the resource in other ways: they look at wildlife, travelling many miles to do so, and study and photograph wildlife. Wildlife is a major attraction for visitors to both National and Provincial parks. There were over nine million visitors to our National Parks in 1965.

The demand for wildlife for both hunting and non-consumptive uses seems to increase with population growth and the rising standard of living. Evidence from the United States and Great Britain indicates that the increase in demand continues as the human population grows. So the need to preserve wildlife will become even more urgent.

The supply of wildlife has generally grown smaller as the number of Canadians and visitors to Canada has grown larger. Drainage of wetlands, destruction of natural cover for the building of cities, the improvement and extension of farms, the growing of trees, and the flooding of lands behind large dams have all reduced the area of habitat for many species. Wildlife numbers depend upon the extent and quality of available habitat, just as the numbers of livestock depend upon the quality and quantity of range.

Jurisdiction over wildlife is divided between Canada and the provinces. Canada has a responsibility for migratory birds, for wildlife in the National Parks, and for those species in the Northwest Territories declared by the Governor in Council to be in danger of extinction. The provinces and the Territories have full responsibility for all other wildlife, but the benefits of wildlife can accrue to all Canadians and some national perspective toward the resource is long overdue.

Means by which national concern about wildlife can best be translated into effective action have been discussed by representatives of Canada and the provinces at meetings of the Canadian Council of Resource Ministers, the Federal-Provincial Wildlife Conference, and the Prime Minister's and Premiers' Conference in July 1965. It has been agreed that the Federal Government should take positive action for the conservation of migratory birds and their habitat, and that federal assistance should be made available in respect of wildlife coming under provincial jurisdiction.

The policy and program outlined herein have been developed to meet the needs expressed by conservationists and wildlife officials throughout Canada by means in accordance with principles generally endorsed by responsible Ministers.

In brief, the program to be developed under our general wildlife policy includes supporting and undertaking fundamental research in support of wildlife management throughout Canada, provision of information about wildlife, and co-operation with the provinces, on request and by agreement, in attaining the goals of wildlife management. The program also includes an increase in activities related to the federal responsibilities for migratory birds, wildlife in National

Parks, and wildlife in the Northwest Territories.

General Wildlife Policy

1. *The Federal Government will undertake research on the relationship between wildlife and forests.* This program will be integrated with basic studies of forest ecology and productivity being carried on by the Department of Forestry. Objectives will be to determine factors affecting wildlife populations supported by various types of forests, the effects of varying populations of wildlife on the forests, and the effects of forestry practices on wildlife populations.

2. *The Federal Government will undertake research on factors affecting the health of wildlife populations.* Diseases, parasitic infections, pesticides and other environmental pollutants have important effects on wildlife populations in all parts of Canada. Studies of those factors are specialized occupations calling for a high degree of training and adequate laboratory support and it is unlikely that those requirements will be met in all provinces. The Federal Government must develop facilities for such studies to meet its own responsibilities. Pesticides and many diseases affect more than one member of an animal community, so the information obtained will be useful to all governments.

The following programs are planned:

(a) Systematic assessment of the occurrence and significance of diseases and parasites affecting Canadian wildlife populations (some of which indirectly affect humans as well).

(b) Determination of the effects of pesticide-use programs on wildlife populations.

(c) Maintenance of a central registry of information on pesticide characteristics, pesticide residues in wildlife, and diseases and parasites if they relate to wildlife. Information will be provided to other governments on request.

(d) Development and maintenance of a national reference collection of wildlife parasites and disease organisms.

3. *Wildlife research services may be provided to provinces on request* and by agreement if it is apparent that the Federal Government is best equipped to deal with the problems concerned.

4. *The Federal Government may support research and management related to wide-ranging wildlife populations.* Some wildlife populations, for example, barren-ground caribou, move across provincial boundaries and thus come under the jurisdiction of more than one government. Co-ordinated or co-operative research and management are usually necessary if such populations are to thrive. Agreements may be concluded with provinces desiring to participate in co-operative research or management of populations that are not confined to one province.

5. *The Federal Government's information program will be designed to serve the interests of all governments wherever possible.* The dissemination of information about wildlife by all media is a powerful means of improving the quality of wildlife management and securing public acceptance of management measures. The principles of wildlife management are the same whatever species or groups of species may be involved, although the details of application may vary. Bulletins, brochures, and films prepared primarily to convey information about wildlife subject to federal responsibility may thus usefully and easily be modified to serve a broader purpose.

6. *The Federal Government will act to improve the supply of professionally trained wildlife biologists.* Prospective entrants to the field should be encouraged, and research carried on in the universities as an aspect of their graduate training program should be supported.

Two activities are under way and will be expanded:

(a) Needed researches in the wildlife field that can be effectively undertaken by university staff members and graduate students are being supported by contracts.

(b) Scholarships are being offered to graduate students in wildlife and allied fields.

Migratory Birds

General Policy

1. *Every effort will be made to prevent the extinction of any species.* Special protection of the birds and their habitat, and artificial propagation may be employed.

2. *Bird populations should be managed so that they are maintained at levels as nearly as possible in harmony with man's various interests.* Such a concept of optimum population size is useful, even though optima cannot yet be defined for more than a few species. Limitations of habitat and conflict between birds and man's other interests set the upper

limit of optimum populations. Human demand and the danger of extirpation set the lower limit. Populations of most ducks should be maintained as nearly as possible within the high and low levels that existed during the period 1950-56. Such populations will ensure survival of all species, provide some opportunity for hunting and other recreational pursuits in Canada and the United States for the foreseeable future, yet not give rise to insoluble problems of crop damage. Populations of most geese could usefully be maintained at somewhat higher levels than have existed in recent years. As opportunity permits, or circumstances require, studies should be directed toward defining optimum populations of other migratory birds. If actual populations are not in line with defined optima, means should be devised to bring them to the desired level.

3. *All Canadians should have an opportunity to share in the use of the resource, and those who use it should contribute by user fee to the costs of management.*

4. Because migratory birds move back and forth across the continent, *intergovernmental and international consultation, co-ordination, and co-operation in research and management will be continued and expanded.*

Maintenance and Management of Migratory Bird Habitat

1. Survival of migratory birds is dependant upon maintenance of habitat. *Suitable wetland habitat in amounts sufficient to support desired populations of ducks and geese will be preserved by acquisition, lease, or other form of agreement.*

2. *Agreements may be concluded with provinces desiring to participate in acquisition or management of habitat,* the terms of agreement to be compatible with the national objective of maintaining desired populations and distribution of migratory birds and to provide security for the federal investment.

3. Some of the areas acquired in fee simple or to which agreements pertain may require no management other than that required to maintain them in their natural state. For many others, the pressure for an increased supply of birds and the need to get the highest return for the public investment will call for development and improvement. *Thus, when it is economically feasible, habitat will be improved so as to increase its carrying capacity for and productivity of birds.* This may be done by controlling water levels, altering natural plant cover, and creating nesting and resting sites. It is desirable that this be done so far as possible without adversely affecting the aesthetic quality of the landscape.

4. Habitat may be managed so as to influence the local distribution of birds and thus reduce the possibility and extent of damage to agricultural crops and other interests. *Management plans for all areas where significant damage by birds occurs or may occur will include features designed to eliminate or minimize damage.* Provision of food to attract birds away from commercial crops is the principal technique presently employed.

5. *Land managed for migratory birds should be available for public use so far as possible.* In most cases, the public should have access to habitat under public control in order to watch, study, or photograph the birds. In many cases, such lands may support concentrations of birds of sufficient size that hunting is desirable. In any case, management will involve controlling public activity so that it does not damage the habitat or undesirably disturb the birds. Public use may be subject to a user fee. Arrangements in this regard may be a part of agreements with provinces.

6. *Land secured primarily for preservation of migratory bird habitat may be used for other productive purposes, if they are not incompatible.* Where such is the case, and there is local need and economic justification for it, such uses may be permitted by agreement with provinces, other government agencies, corporations, or individuals.

7. Two programs to acquire adequate control of wetland habitat are planned:

(a) Conclusion of agreements with landowners whereby they agree not to drain or fill the wetlands which they own, or burn the vegetation around them, in return for a payment based on the value of the surrounding land discounted at five per cent for a 20-year period. Using this procedure to maintain about two-thirds of the more than six million small potholes in the vitally important prairie breeding grounds should provide habitat for populations within the 1950-56 levels.

(b) Purchase or long term lease of large marshes which require management for great productivity and public use. Large marshes are important not only as breeding areas but also as areas where the birds may winter or rest during migration. They are also the areas where much of the hunting takes place. Some

of the marshes that are important to waterfowl and are likely to be drained or otherwise adversely affected are well known. The magnitude of a program to preserve all such areas, and the priorities for acquisition, cannot be finally determined until the ARDA-sponsored Land Capability Inventory, now under way, is completed and studied.

Control of Migratory Bird Harvest

1. *A sustained yield of migratory game birds should be secured at as high a level as availability of habitat and risk of damage to other interests will permit. Within the limits imposed by the natural distribution of populations, all Canadians should have equal opportunity for a fair share of the harvest.*

2. Given adequate habitat, regulation of the harvest is the principal means of population control. Regulation of the opening dates, season lengths, bag limits, and zones governing hunting will have the primary objective of maintaining overwintering populations at a level in harmony with the ability of the habitat to support them. Risk of unforeseen natural hazards, the existence of a presently unknown margin of error in population data, and the unpredictability of weather conditions that affect hunting seasons demand *a conservative approach to the establishment of regulations.*

3. Other objectives of regulations will be to reduce the waste of birds by crippling, to reduce the risk of accidents, and, so far as possible, to provide equivalent hunting opportunity to all Canadians. In addition, regulations will be drafted with a view to the practicality of their enforcement.

4. *Equitable opportunity to harvest depends upon observance of the regulations governing hunting.* Illegal over-harvest is equivalent to the theft of public property. Enforcement and information programs designed to secure conformity of hunting practices with regulations will be expanded and improved.

5. *Special temporary provision will be made for privileged use of migratory birds by persons who, because of their place or mode of living, require the resource for subsistence.* The legal basis for such provisions, which are especially necessary to some Eskimos and Indians, is not clear, nor will their administration be easy. Solution of both the legal and administrative problems will be given high priority.

Migratory Bird Research

The primary objective of research is to secure information that will enable effective management. In the process the sum of human knowledge of our natural environment is increased.

Research Related to Habitat

1. Since migratory bird management involves management of habitat as well, some research must be directed toward obtaining information on habitat characteristics and the complex interrelationships among living things that share the same space.

2. A major objective of migratory bird habitat research is *to develop better methods of evaluating the habitat* required for all stages in the life cycles of the various species. Contributing to this end are studies of rates of occurrence of birds in different areas and comparisons of growth, survival, behaviour, and use made of food and cover plants in each type of area. Data obtained will be basic to an improved classification of migratory bird habitat, as well as a more effective method of evaluation.

3. Research is required to provide the information necessary *to develop methods of improving the usefulness of habitat* at lowest cost. Studies of the characteristics and usefulness of natural habitat are basic, and yield the information to plan experimental modification of water levels, plant cover, etc.

4. *Development of effective and economic methods of alleviating damage* by birds to other interests requires investigation of the characteristics, extent, and severity of damage.

5. If land is to be used for more than one purpose, the requirements of the several purposes must be clearly understood. Thus, *to develop plans for multiple use of wildlife habitat,* the results of wildlife research must be considered in conjunction with information obtained during studies of other land uses, such as grazing, forestry, etc.

Research Related to Populations

1. Research on migratory birds themselves has the objective of maintaining current, accurate information on their population levels and distribution, and developing an understanding of the operation of factors affecting the numbers and distribution of the birds.

2. The demand-supply squeeze on ducks and geese necessitates *development and perfection*

of systems for accurate and continuing measurements of their populations. Present systems include aerial and ground censuses of populations on the breeding grounds in spring, midsummer surveys to provide data for an estimate of productivity, and post-hunting season surveys on the wintering grounds. Most of the relevant work in Canada is carried on by the United States. Canadian participation will be extended with the eventual objective of assuming major responsibility within Canada.

3. *The use of waterfowl by hunters should be measured so that there can be an annual balancing of population gains and losses.* This can be done most effectively by a National Kill Survey that will be carried out by mail questionnaires directed to a sample of persons hunting waterfowl. The statistical universe from which the sample will be selected will be provided by a list of the names and addresses of hunters purchasing the Canada Migratory Game Bird Hunting Permit. All hunters of migratory birds will be required to hold a Canada Migratory Game Bird Hunting Permit, although it will be issued free of charge to Indians and Eskimos. This survey and associated enquiries will also yield information on the species of birds hunted, as well as when and where they are hunted. That sort of information will permit an evaluation of the effects of changes in regulation that has not previously been possible.

4. Factors other than hunting affect migratory bird populations and, if changes in population levels are to be understood and at least partially controlled, research on those other factors is required. Studies based on recoveries of banded birds yield information on survival rates, distribution, and movements. Field studies of breeding success and other phases of life history contribute to understanding of factors affecting populations. Effects of diseases, parasitic infections, and the use of pesticides can be significant and require continued study.

National Parks Wildlife

General Policy

1. *Wildlife in National Parks is an important part of the national heritage and should be preserved unimpaired for the benefit, education, and enjoyment of future generations.* It is, therefore, part of the national park purpose to maintain healthy populations of native animals, including predators, in balance with their environment.

2. Wildlife is an element of the natural ecological communities in National Parks. Such communities, including the wildlife components, may require management to maintain healthy forest and other vegetative cover, to control erosion, and to preserve recreational and aesthetic values. *Management should be kept to a minimum in order to maintain aesthetic values of, at least, a quasi-natural environment.*

3. *National Park planning should* give full consideration to character, size, shape, and location of park areas in order to *provide for the year-round ecological requirements of the indigenous animal species,* especially those with migratory habits.

4. *Conflicts between wildlife and other park interests including human safety should be resolved if possible without destruction of wildlife.* When removal or destruction of animals is decided upon on the basis of research findings, it should be done by Departmental employees and as promptly and unobtrusively as possible.

5. *Adequate stocks of fish should be provided and maintained* through modern methods of management where they can be applied without detriment to the aesthetic values of the areas concerned.

Parks Wildlife Research

1. *Wildlife research is an integral part of National Park purposes where data are required to establish appropriate public activities and sound management of the natural features.* Wildlife research for other than park purposes may be carried on in parks, if such study is otherwise in harmony with parks policy and if no areas suitable for its conduct can be found elsewhere.

2. *Wildlife research in parks will be oriented toward studies of animals in their total environment,* since the objective is to maintain environments that reflect a minimum human impact. Studies of range and habitat conditions and of the factors affecting population levels are basic. Priority will be given to studies helpful in devising means of maintaining habitat capable of supporting desired populations.

3. *Studies of health and condition factors are of particular importance in parks,* where populations are often limited by the extent of available habitat.

4. *Studies basic to the develpment of suitable methods of controlling size and distribution of animals* to maintain them in balance

with their environment and to prevent conflict with other interests are of particular importance in parks.

5. *Research oriented toward the maintenance of adequate stocks of fish is essential.* Subjects of research should include productivity of park waters, the biology of fish and associated fauna, and other related limnological matters.

6. *Public appreciation of natural history values must be developed* through provision of nature trails, nature museums, nature guides, leaflets, lectures, and other interpretative activities. Data essential to such interpretative programs should be developed by well-planned research.

7. The National Parks Service is responsible for management of wildlife in parks and interpretation to the public of the natural features (including wildlife) within parks. The Canadian Wildlife Service is responsible for research aimed at obtaining information needed for the management of wildlife in parks.

Territorial Wildlife

General Policy

1. The federal responsibility for Territorial wildlife is to provide research support for management and such management services as may be agreed upon between the Federal and Territorial governments, except that there is complete federal responsibility for migratory birds. There is also a residual authority that may be exercised to safeguard species in danger of extinction.

2. *Wildlife management in the Territories should be developed to and maintained at a level commensurate with the importance of the resource.* Wildlife is one of the most important resources of the Territories, many of the inhabitants still depending in large measure upon wildlife for food and clothing. As the economy of the North develops, the importance of wildlife will change, but it will not diminish. The North will remain one of the few regions in the world where use of the land by wildlife will not be in serious competition with other uses. A continuing development of recreational use of wildlife is foreseen.

3. *A primary objective of wildlife management in the Territories is to prevent the population of any species from declining to a level from which it might not recover.*

4. Wildlife in the Territories should be managed so as *to provide a sustained yield of those species that contribute to the subsistence of native populations.* So long as native populations subsist in whole or in part on wildlife populations, this objective is secondary only to that of preventing the extinction of species.

5. *Wildlife may also provide a basis for recreation, and, consequently, contribute to the economy of Territorial residents.* Management for recreational use may be harmonized with subsistence needs under certain circumstances.

Territorial Wildlife Research

1. In line with the objectives of management, wildlife research in the Territories is aimed at determining the status of wildlife populations on a continuing basis, finding out what factors cause changes in the size and distribution of populations, and devising methods for maintaining desired populations.

2. *The status of populations will be determined by inventories and periodic censuses of acceptable design.* Studies of reproductive success and the effective rate of recruitment to wildlife populations as indicated by observations of sex and age classes within populations also contribute to that end and may, in some instances, provide a more economic means of obtaining the necessary information. Studies of physiological condition can provide indicators of trends in wildlife populations.

3. Management requires an understanding of the factors affecting changes in status and distribution of populations, as well as an awareness of such changes. *Studies of condition and extent of range or habitat are important, particularly in areas where habitat conditions are amenable to modification,* by control of forest fires, for example. *Studies of mortality factors are also of high priority.* These include hunting, the incidence and pathological effects of diseases and parasites, predation, and unusual weather conditions.

4. *Research provides the means for assessment of the effects of management* as well as the information required to devise the methods of management. Studies must be directed toward determining the effects on wildlife and the users of wildlife of changes in regulations governing the harvest.

5. *Practical methods of disease prevention and control require continuing research and development.*

Co-ordination

1. *Opportunities will be sought to promote inter-governmental consultation on the effects on wildlife of programs and projects that substantially alter the natural environment.*

2. *Existing arrangements for consultation and co-ordination among agencies of the Federal Government will be reviewed and improved as necessary.*

Consultation between governments and among government agencies is of particular importance in regard to wildlife. There are two reasons for this. For one thing, many forms of wildlife are mobile and regularly cross boundaries between jurisdictions. Therefore, what is done in one area may affect wildlife in another area as well. The second point is that wildlife exists on lands used for a variety of purposes and controlled or influenced to some degree by a multitude of government agencies at both provincial and federal levels, and any major change in land use has some effect on the numbers and distribution of wildlife. Good wildlife management will not be achieved unless there is consultation and agreement during the planning phases of projects affecting land use and programs of broad biological impact.

HOUSE OF COMMONS

Tuesday, April 19, 1966

The house met at 2.30 p.m.

PUBLIC SERVICE

PROVISION FOR ESTABLISHMENT OF COLLECTIVE BARGAINING SYSTEM

Right Hon. L. B. Pearson (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for the establishment of a system of collective bargaining applicable to employees in the public service of Canada and for the resolution of disputes that may arise in the negotiation or conclusion of collective agreements applicable to such employees; to establish a process for the presentation of grievances of employees arising in connection with their employment and to establish a system for the adjudication of grievances of employees; to provide for the establishment of a board, to be known as the public service staff relations board, which shall be responsible for the administration of the said measure and to provide further for the constitution and appointment of such other authorities, offices and employees as are required in connection with the administration of the said measure.

Motion agreed to.

CANADIAN LIVESTOCK FEED BOARD

PROVISION FOR ESTABLISHMENT, ADMINISTRATION, ETC.

Hon. G. J. McIlraith (for Mr. Sauvé) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to establish a corporation, to be known as the Canadian livestock feed board, for the purpose of assisting livestock feeders in eastern Canada and British Columbia; to empower the board to make payments related to the cost of feed grain storage in eastern Canada and payments related to the cost of feed grain transportation to or for the benefit of livestock feeders in eastern Canada and British Columbia, to enter into arrangements for the purpose of ensuring the availability at reasonable prices of adequate supplies of feed grain for such livestock feeders, and when authorized by the governor in council to enter into direct marketing operations in feed grain; to provide for the administration of the said board and for the establishment of an advisory committee; and to provide that all expenditures in connection with the said measure, other than those related to direct marketing operations, will be paid out of moneys appropriated by parliament therefor and that any expenditures related to direct marketing operations in feed grain will be paid out of the consolidated revenue fund and charged to an account to be known as the Canadian livestock feed board account, the amount of any such expenditure to be charged to the said account not to exceed the amount by which ten million dollars exceeds the balance of the said account.

Motion agreed to.

FINANCE

PROVISION FOR PAYMENT TO PROVINCES OF CERTAIN CORPORATION INCOME TAX

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to authorize payments to the provinces equal to 95 per cent of that part of the income tax paid under part I of the Income Tax Act by certain corporations in respect of income earned after 1965 that is attributable to the gross revenue of such corporations from the distribution and sale to the public in the province or the generation and sale in the province for distribution to the public of electrical energy or steam or from the distribution and sale of gas to the public in the province; and to provide that an amount paid under the said measure that is paid or otherwise credited by the province to such a corporation for the use of that corporation shall be exempt from income tax.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

REPORTED CRISIS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I move, seconded by the hon. member for Winnipeg South Centre (Mr. Churchill), as follows:

I ask leave to move the adjournment of this house in accordance with standing order No. 26, in order to discuss a matter of urgent public importance, namely the crisis of uncertainty and chaos in the affairs of the Canadian Broadcasting Corporation culminating in the current dispute between management and the producers of the program "This Hour Has Seven Days"; and the reported admission by the Secretary of State that "the row over 'Seven Days' is an iceberg symptomatic of more fundamental problems within the corporation", and her reported acknowledgement that there is serious trouble within the Canadian Broadcasting Corporation.

I had a French translation of this motion, Mr. Speaker, but unfortunately it did not come down with me. As soon as it is available it will be sent to the various house leaders.

Mr. Speaker: Perhaps the right hon. Leader of the Opposition would address the Chair on the particular urgency of debate in relation to this proposed motion. The Chair has noted the contents of the motion as moved by the right hon. Leader of the Opposition, and I suggest that either the right hon. gentleman or another member of the house might want to offer comments in connection with the urgency of debate.

• (2:40 p.m.)

Mr. T. C. Douglas (Burnaby-Coquitlam): It seems to me, Mr. Speaker, that this is a matter of urgent public importance and that there is every reason for Your Honour to allow the debate which has been proposed by the right hon. Leader of the Opposition.

I think this matter is urgent on three grounds. I think it is urgent, in the first place, because a statement ought to be made in the house today by the minister responsible for the Canadian Broadcasting Corporation in order to allay the fears and misunderstanding which are prevalent throughout the country with regard to the recent dismissal of the two co-hosts of the program "This Hour Has Seven Days".

The motion moved by the Leader of the Opposition contains a statement made by the Secretary of State to the effect that the dispute over the program "This Hour Has Seven Days" is only symptomatic of a much wider discord within the Canadian Broadcasting Corporation. It seems to me most urgent that the House of Commons and the country should know what is the state of affairs within that organization. Certainly the statement made yesterday by Mr. Ouimet has done nothing to allay those fears. There is a contradiction contained in that statement. The chairman alluded to the fact that the producer of the program had mishandled controversial questions, but at the same time said that Mr. Leiterman, who is the producer, would continue with the program next season.

We have, therefore, the man who is responsible being retained on the program and the two co-hosts being removed from the program. This certainly indicates some breakdown in responsibility, and indicates that the reasons which have been given for the dismissals are not the true reasons at all. The minister's statement, therefore, that there is a crisis boiling up within the C.B.C. would seem to be warranted. I think this house and the country have a right to know what is the situation.

The second ground for urgency is that there ought to be a debate in this house so the government can hear the views of the members regarding this whole question and refer it to the standing committee on broadcasting. Statements which have been made by those within the corporation, statements which have been made by those outside the corporation, and statements which have been made by Mr. Robert Fowler, who was the royal commissioner looking into this matter, all ought to be referred to the standing committee. I am told Mr. Fowler was to be interviewed on the program "This Hour Has Seven Days", and that this interview was quashed by the management. If this is true this matter ought to be settled, and ought to be settled immediately, by having this whole question referred to a committee.

The third and most important reason for urgency, Mr. Speaker, is the fact that there is a grave possibility of either mass resignations by producers and performers or a strike by some of those in important positions within the Canadian Broadcasting Corporation. Either of these propositions would do great harm to our national, publicly owned broadcasting system. All of us who believe in a national, publicly owned broadcasting system would be loath to see such a thing happen. If it could be prevented by having some arbitration machinery set up immediately to go into this question and prevent the loss of some very important and very capable staff, I think that should be acted upon immediately. I think it would be unwise for this house to sit here and allow the situation within the Canadian Broadcasting Corporation to deteriorate further. This is a most urgent matter which ought to be discussed, and it should be discussed today.

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, the sole question before Your Honour for decision at the moment, as I see it, is the matter of urgency of debate. The hon. member who has just taken his seat indicated that there was certain information he wanted the house to have. The house has already taken action in the matter by referring the estimates relating to the Canadian Broadcasting Corporation to the standing

committee on broadcasting on March 22, and I understand those estimates are now before that committee.

I know of no better way of obtaining the information which the hon. member asserts would be the proper concern of this house than by having the appropriate witnesses examined before that committee. There is no reason why that cannot be done today. If the hon. member wishes it to be done today, then that is a matter for the committee.

I do not know whether the hon. member has taken the usual steps to have that done, but the point I wish to make clear, Mr. Speaker, is this. You have been asked to set aside the ordinary business of the house for today, business which is also quite important, in order to permit debate of this matter in this house without hearing witnesses and without having available the information which the hon. member indicated was so important.

I suggest that his whole argument has indicated that the correct method to discuss this matter is through the committee which has been constituted and which has the matter before it. There is no reason to move a motion to withdraw the matter from the committee at this time. In other words, no case has been made for urgency of debate within the meaning of standing order 26.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in so far as the urgency of this matter is concerned I am quite surprised at the attitude taken by the minister on behalf of the government. I do not think there has ever been a matter which in so short a time has brought about so much antagonism in all parts of Canada. Indeed, I understand that some 3,800 or more telegrams have been received by the C.B.C. in this connection. I personally have received a greater number than in respect of any other matter in the last couple of years. The question of urgency is apparent in view of an aroused public opinion and the need for parliament to look into this matter.

The hon. member for Burnaby-Coquitlam made mention of the reaction among C.B.C. employees in consequence of what they believe to have been arbitrary treatment on the part of management. He also mentioned the Fowler commission and the recommendations of that commission. My information, in view of those recommendations, is that because two officials connected with the "Seven Days" program, one in Ottawa and one in Toronto, gave their views to the Fowler commission, these two gentlemen have been advised that their contracts are to be terminated because they have not left a good image of the C.B.C. or in any event that there are doubts about the statements they made before the Fowler commission on broadcasting, and therefore they have lost their right to be treated in the manner in which one would expect.

There cannot be anything more urgent than this. This is not a matter which can be shelved away, as I see it, by saying that some other institution or body can look after it. This is a matter concerning a great national body that incidentally was set up under a Conservative government, under Mr. Bennett. I want to make that clear. That body was to be an institution for the benefit of the Canadian people, not for the glorification of those in high positions.

• (2:50 p.m.)

The Canadian people contribute fabulous amounts of money to the corporation, through parliament. We have a right to expect that those sums shall be expended in a way that is in keeping with the responsibilities of that corporation.

I therefore say there is urgency, and I am amazed at the attitude of the government house leader in this regard. If the members of the government do not know there is urgency, then they have not opened their telegrams.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, the motion of the Leader of the Opposition suggesting it is urgent to discuss the action taken by the C.B.C. with regard to the program "This Hour Has Seven Days", hosted by Messrs. Patrick Watson and Laurier LaPierre, does not seem to me as urgent as the Leader of the Opposition would have us believe. I feel there are at present in Canada much more urgent matters than to determine whether the program "This Hour Has Seven Days" should continue to be hosted by Messrs. Watson and LaPierre.

Mind you, Mr. Speaker, I know personally Messrs. Watson and LaPierre. I admire a great deal those two Canadians who have performed a tremendous job at the C.B.C. in order to present the program "This Hour Has Seven Days" to the Canadian people.

We in parliament should keep in mind that, in the past, the hosts of many programs have changed in practically similar circumstances, and neither the Leader of the Opposition nor

anyone else objected because the Canadian Broadcasting Corporation was under a commission independent of parliament. In fact, the C.B.C. was not interfered with.

Mr. Speaker, there will always be an opportunity to discuss the Watson-LaPierre case, and others, before the committee on broadcasting, films and assistance to the arts, where all members are invited. When the estimates of the Department of the Secretary of State are before us we can bring up this question of the program "This Hour Has Seven Days" and establish the facts concerning Messrs. Watson and LaPierre.

Now, even if we were to discuss this matter today I do not think we could reach an immediate agreement. As I said a while ago, Mr. Speaker, I feel there are far more pressing things to be attended to.

During the last electoral campaign the government promised to wage war on poverty in Canada. That is a far more important matter than the situation in which Messrs. Watson and LaPierre find themselves at the present time. That is something far more urgent than the program "This Hour Has Seven Days".

Everybody appreciated the program, granted, but there are legislative measures to be introduced and studied here, in Ottawa, which are of far greater importance. And, at any rate, as I have already said, "This Hour Has Seven Days" can always be discussed when the estimates of the Secretary of State come up, or else before the appropriate committee.

Now, for my part, I do not believe in the need of adjourning the house to consider that specific case. The Secretary of State (Miss LaMarsh) stated that the row over that program is symptomatic of more fundamental problems within the Canadian Broadcasting Corporation, and that the attention paid to it is an indication that there is serious trouble within the C.B.C. Everybody is convinced of that, even the Leader of the Opposition when he was Prime Minister of Canada. In fact, at that time he did nothing to correct what took place under his own administration.

Mr. Speaker, I fully agree with the Minister of Public Works (Mr. McIlraith) that there is not so much urgency to debate this case, but that, on the other hand, there are much more capital issues to be discussed today, in the Ottawa Parliament, for the well-being of the population. The firing of two individuals because of political pressures or other intrigues not specified in the newspapers is secondary.

Mr. Speaker, I suggest that the urgency is somewhere else than within the Canadian Broadcasting Corporation today.

[*English*]

Mr. H. A. Olson (Medicine Hat): I think the very unusual statement which was made a few days ago by the Secretary of State, to the effect that there was far more difficulty and trouble brewing within the C.B.C. than had been apparent up to that time, is one with which this house should be concerned. However, I believe we have set up the proper method of dealing with this kind of information inasmuch as the committee on broadcasting now has the authority to go into this matter at once should it choose to do so. After all, the standing committees of this house are in effect an extension of the house itself.

I think, Mr. Speaker, you will also have to consider this motion to adjourn the house under standing order No. 26 in the light of paragraph 1 of citation No. 100 in Beauchesne's fourth edition, which states that a motion to adjourn the house under standing order No. 26 must involve the administrative responsibility of the government. The motion before us deals specifically with a question of programming by the C.B.C., and over the years there has been great resistance on the part of the government, and in particular on the part of the minister reporting for the corporation, to any attempt by members of this house to become involved in C.B.C. programming.

This is true of previous governments as well as of the government now in office. I can recall ministers who have held responsibility in the past for reporting to this house on C.B.C. affairs adamantly refusing to accept the kind of criticism which involved C.B.C. programming. Time after time they claimed it was not the responsibility of the minister reporting to parliament to become involved in the programming of the Canadian Broadcasting Corporation. For these reasons I think it would be difficult to accept a motion such as is now before us, a motion which involves programming, when over the years all governments have claimed they do not have an administrative responsibility in this area.

Another point is this. Urgency of debate requires that the ordinary opportunities provided by the rules of the house do not permit the subject to be brought up early enough,

with the result that the public interest suffers. I suggest that today, or almost immediately now that the estimates have been referred to the standing committees, the particular committee concerned, which as I have said is an extension of this house, can inquire into this matter.

• (3:00 p.m.)

In my view this would be a far more useful exercise than conducting a debate on the floor of the house. The committee has power to call officials of the C.B.C. if it so wishes in order to find out what is at the bottom of this trouble which the Secretary of State claims is brewing within the corporation. We could call in the president and ask him if there has been gross insubordination sufficient to cause him to dismiss these men for the ensuing season. Until we get the rest of this information I do not think a debate on the floor of the house could serve any useful purpose.

I think what has happened during the course of the last two or three days is something that could have been avoided if the broadcasting committee had been set up several months ago, but it is too late to complain about that now. I sincerely believe the time could be spent far more usefully in calling the C.B.C. officials before the committee and finding out what is at the bottom of all this discord within the C.B.C. That would be far more useful than having a debate here without knowing what the president and other administrators have on their minds.

I also suggest that if the Secretary of State is aware of a lot of difficulty within the C.B.C. administration she should make a statement to the house about it. This she has not done, but she could make such a statement to the broadcasting committee. After all, we in this house do provide the funds for the C.B.C., and if it is not functioning well and properly and in the interests of the Canadian public generally, and she knows about it then she has a responsibility to tell the broadcasting committee or the House of Commons.

Again, Mr. Speaker, I refer you to the first paragraph of citation 100, which says the matter for debate must involve the administrative responsibility of the government and, if we are to follow the pattern of the past, we have to accept that C.B.C. programming is not a responsibility of the government.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would like to refer to a couple of points in regard to the urgency of debate. I regret I cannot agree with the hon. member for Villeneuve and the hon. member for Medicine Hat in the emphasis they have placed on the question of programming as mentioned in the motion presented by the Leader of the Opposition. Programming is only a part of the whole problem, and if a careful reading is made of the motion it will be seen it deals with a crisis of uncertainty in broadcasting, particularly in the C.B.C.

On the question of urgency I point out that within the rules of the house the debate which we are to continue today is on fiscal matters, and must run for another four or five days or until the end of this week. Therefore these broadcasting matters are not relevant for discussion in the budget debate, and I think Your Honour would be quite right to restrict that debate to matters coming within the terms of the budget.

Certainly I find it rather passing strange that the hon. member for Medicine Hat would cite a reference in Beauchesne with regard to the administrative responsibility of the government. By statute the C.B.C. is responsible to parliament, and parliament is in this house. It is to parliament that the C.B.C. is responsible. Therefore it is quite right that this matter should be discussed here if it is one of urgency. I suggest that the hon. member for Medicine Hat is placing the cart before the horse in that he is subordinating parliamentary to government responsibility.

The third point I would like to make is with regard to the broadcasting committee. A decision by the majority of that committee to relegate this matter to some indefinite date is not appealable to the house. It is not even referable to the house. What has been referred to that committee are the estimates of the corporation. If in deciding its agenda the committee puts this matter off to some indeterminate date and the Secretary of State does not appear before parliament to repeat the rather grave statement which she made at a partisan political meeting, then this house is stultified.

I suggest to Your Honour that now is the time for the minister to come forward to make her statement, to elaborate on it, and to give us the reasons why she made it originally. That is the crisis of uncertainty with regard to the C.B.C. The question of one program or another matters not. After all, one has only to go back to the records of June, 1959 to see that some hon. ministers now sitting opposite put forward a similar

type of motion to discuss an internal C.B.C. matter concerning a less popular radio program. I suggest they cannot now argue on both sides of the question and I put it to Your Honour that this motion is entertainable. It is urgent as to debate. Otherwise it will be lost forever in the dim future.

Mr. David Lewis (York South): Mr. Speaker, I rise to urge you to accept the motion on the following grounds. First, I think it is a great error, whether deliberate or innocent, to interpret the motion as one dealing only with programming in the C.B.C. What the motion seeks is a debate on the crisis of uncertainty and chaos in the affairs of the C.B.C. There is the reported admission by the Secretary of State that the row over "Seven Days" is an iceberg symptomatic of more fundamental matters within the corporation, and there is her acknowledgement that there is serious trouble within the corporation.

I submit that the motion seeks to have a debate on the serious trouble and controversy within the corporation, a corporation which is responsible to parliament through the minister. It is wrong to suggest that the motion and members supporting it are concerned with details of programming. We in this group are as anxious as other hon. members to leave the C.B.C. free to deal with its own programming arrangements.

Second, Mr. Speaker, I think the hon. member for Medicine Hat was right when he said it is important that the minister should make a statement to the house. This is precisely what the hon. member for Burnaby-Coquitlam suggested was one of the reasons of urgency for the motion, because it would enable the minister to make her statement today, at a time when everybody in Canada and all members of this house are concerned about the problem.

Third, Mr. Speaker, for obvious reasons I have not had as much experience as many other hon. members in these matters but I recall looking up a number of occasions when subjects were debated under standing order 26 and, speaking from memory but I think accurately, the debates ended in the subject matter being referred to some committee or other. The fact that there is a debate on a matter of urgent public importance does not preclude the matter going to a committee. On the contrary, that may be the desired end. Therefore the suggestion that this matter be referred to a standing committee, and other similar suggestions, could be implemented after debate in the house today.

Finally, Mr. Speaker, I respectfully submit that what was said by the hon. member for Burnaby-Coquitlam and the Leader of the Opposition as to urgency is obvious and compelling, namely that all the reports indicate that unless there is some assurance given through a discussion on the floor of this house we may have wholesale resignations from the C.B.C., or a strike by producers or some other group within the C.B.C. It will not do any good at all to have the standing committee on broadcasting consider this matter either a day or two days from now, if, in the meantime, irreparable harm has been done in the corporation by action which seems to be contemplated by responsible staff members of the corporation.

For these reasons I urge you to accept the motion as presented.

• (3:10 p.m.)

Mr. Speaker: Order, please, The Chair has heard arguments for and against the motion proposed by the right hon. leader of the official opposition. While I do not wish to prevent further discussion, I believe the Chair has been sufficiently enlightened in respect of this matter to reach a decision.

As hon. members well know, the guiding principles in matters of this kind are to be found in Beauchesne's fourth edition, citation 100. The hon. member for Medicine Hat referred the Chair particularly to paragraph 1 of that citation. However, I prefer to base my ruling on paragraph 3 of citation 100 of Beauchesne's fourth edition, which reads as follows:

> 'Urgency' within this rule does not apply to the matter itself, but it means 'urgency of debate', when the ordinary opportunities provided by the rules of the House do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

In referring to the question of urgency of debate the hon. member for Edmonton West drew attention to the fact that the immediate business of this house was the continuation of the budget debate, and that there could be no discussion of this matter during the next four or five days. I agree with the hon. member to this extent. This matter cannot be discussed while there is a motion of non-confidence before the house, and while there are before us an amendment and a sub-amendment, both dealing with financial matters. Any attempt to discuss the subject matter of the motion now before the house would be out of

order, because of irrelevancy, during our consideration of those two want of confidence motions.

I should point out that the subamendment now before us will be disposed of this evening, and that the amendment will be disposed of on Thursday evening. Assuming that the government survives both amendments there will then be an opportunity to discuss the subject matter of the proposed motion when we have before us the simple motion that the Speaker do now leave the chair. It seems to me that will provide an early enough opportunity to discuss this matter.

In view of these facts I cannot accept the motion proposed by the right hon. leader of the official opposition.

BROADCASTING

REQUEST FOR COMMITTEE CONSIDERATION OF C.B.C. PROBLEMS

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I should like to direct a question to the Prime Minister. Will he arrange for an immediate convening of the standing committee on broadcasting in order that it will have an opportunity to discuss the problems which have been reported to have arisen between management and the creative people of the Canadian Broadcasting Corporation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is my understanding that the committee has been set up and that the estimates, including those of the Canadian Broadcasting Corporation, have been referred to it for consideration. I shall be glad to get in touch with the chairman of that committee to find out whether it is convenient to arrange for an immediate meeting.

Mr. Fairweather: Mr. Speaker, I should like to direct a supplementary question to the Secretary of State. Will the hon. lady assure this house that when the appropriate committee is convened, senior management officials of the C.B.C. will be available and will appear before that committee in order to facilitate an examination of these problems?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I took the opportunity of speaking to the chairman of the broadcasting committee when he arrived in Ottawa just before the house opened this afternoon. In view of the fact that he is a new member of the house I informed him that it was his responsibility, and he needed no direction from the government, as to when he called a meeting. I also told him that he could call a meeting of the members of the steering committee as soon as he chose to do so, and that it was his right as the chairman of the committee to call before that committee any witnesses necessary.

I should add, Mr. Speaker, that there cannot and will not be any attempt by the government to restrain the committee from calling any member of the board of the C.B.C. at any time.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a supplementary question I should like to direct to the government house leader arising out of the statements made by that hon. minister and the Secretary of State. Will the government house leader give consideration to moving, by unanimous consent of the house, a motion in the terms of citation 304 of Beauchesne, directing the committee to make a special report on this matter to the house as soon as possible?

Hon. G. J. McIlraith (Minister of Public Works): No, Mr. Speaker, I think that would be an unnecessary interference with the committee's work in respect of matters now before it.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a supplementary question to the Secretary of State, asking the hon. lady whether there has been any discussion between her and the president of the C.B.C. with reference to the possibility of arbitrating the dispute now under way between management and certain employees of that corporation.

Miss LaMarsh: Mr. Speaker, I have not spoken to the president of the C.B.C. since Friday afternoon, when I first learned of this dispute. At that time he informed me of the views of the management regarding this matter. Mr. Ouimet was in my office at that time for 15 or 20 minutes in relation to an entirely different matter.

Mr. Douglas: Mr. Speaker, is the hon. minister prepared to make such representations to the president of the C.B.C. as have been suggested?

Miss LaMarsh: Mr. Speaker, since one of the vice presidents of the C.B.C. is in the gallery I am pleased to direct his attention to the suggestions made by hon. gentlemen during the course of this debate. Since this whole matter is between management and employees I must leave it to them.

Inquiries of the Ministry

Mr. Douglas: May I also ask the Secretary of State whether she will ascertain if it is correct that the president of the C.B.C. instructed his staff on Sunday last to refuse to accept from the Canadian National Railways any telegrams directed to him, but that they be put on telex for transmittal to him on Monday?

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to address a question to the Secretary of State which may provide her an opportunity to answer a question asked a moment ago. I should like to ask the hon. lady whether, if it were desired by the committee on broadcasting, she would assure the house that she would make herself immediately available to that committee?

Miss LaMarsh: Mr. Speaker, I cannot say I would do so with any wild enthusiasm but I would certainly do it.

[*Translation*]

AGRICULTURE

ESTABLISHMENT OF EASTERN FEED GRAIN AGENCY

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I have a question for the Minister of Public Works in his capacity as house leader.

In view of the insecure situation of our eastern farmers, could he tell us when the government will likely introduce the feed grain resolution, so that farmers can buy their feed grain at a reasonable price? The resolution is dated April 5, and farmers are awaiting the government's decision to deal with this matter.

[*English*]

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, we took the first legislative step in this regard by transferring a government notice of motion on the order paper today to government orders. I hope to be able to discuss the business of the house with representatives of all parties with a view to getting this and other important legislation before the house as quickly as possible, in a manner that is agreeable to all members.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO PROPOSED CHANGE IN DATE

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, I should like to ask the Prime Minister whether a new date has been set for the federal-provincial conference originally scheduled for the first week in June and, if so, whether there has been any correspondence in respect thereto which can be tabled in the house.

Right Hon. L. B. Pearson (Prime Minister): Yes Mr. Speaker, I learned over the week end, as the result of reports, of the date of the election in Quebec, which will conflict with the proposed federal-provincial conference. Since that time I have been in touch with the host premier of the province of British Columbia, as well as with other provincial premiers, in order to select another date which will be suitable, later in June.

EXTERNAL AFFAIRS

PORTUGUESE GUINEA—SAFETY OF CANADIAN CITIZENS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs in relation to another of the trouble spots in Africa. Can the minister inform the house whether any Canadian citizens are in the Portuguese territory of Guinea which is presently reported to be in the hands of rebels? If so, has the government taken any steps to guarantee their safe removal?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I shall take that question as notice.

VIET NAM—ACTIVITIES OF CANADIAN AID COMMITTEE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs, asking him whether he is in a position to make a report to the house regarding the activities of the Canadian aid for Viet Nam civilian committee. Is that committee in operation to provide assistance to North Viet Nam, and what is the attitude of the government toward its activities in this regard?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, while I have received no official communication that such a committee is in existence, I have seen press reports to the effect that one does exist, and that several hon. members of this house reportedly are sponsors or honorary patrons. There would seem to be no obstacle to the shipping of articles which are on the permissible list provided, of course, the Export and Import Permits Act is observed with regard

to the sending of gifts, parcels or medical supplies whose ultimate destination is North Viet Nam or a particluar group in South Viet Nam.

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs with reference to the matter he has just discussed. In view of the support by members of this house for aid to North Viet Nam, will the government give immediate consideration to extending similar aid to South Viet Nam?

Mr. Martin (Essex East): The government, of course, is now extending aid to South Viet Nam.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Has the minister any evidence to support the statement that the medical aid proposed by the civilian aid committee is confined to North Viet Nam, or is it correct that it extends to civilians whether in North Viet Nam or South Viet Nam?

Mr. Speaker: Order, please. This question is argumentative and cannot be accepted.

WATER RESOURCES

GREAT LAKES—REQUEST FOR REPORT ON MEETING RESPECTING POLLUTION

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Minister of Mines and Technical Surveys whether, now that he has had the refreshing interlude of a ten-day holiday, he is in a position to give us a report on the conference between himself and the government of Ontario with regard to pollution of the Great Lakes, a report which a month ago he indicated might be ready in two weeks?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): Mr. Speaker, I said that the report was being prepared in my department, would be submitted to the government of Ontario and then, if it were agreed, would be published. The first step is over. We are about to take the second step.

Mr. Fulton: Then it is still about to be published.

ADMINISTRATION OF JUSTICE

STEVEN TRUSCOTT—REQUEST FOR STATEMENT ON INQUIRY REQUEST

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Is the government yet in a position to make a statement concerning the study it has been making of the request for an inquiry into the case of Steven Truscott?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will ask the Solicitor General to answer that question.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, it has been decided that a review of the case should be made. It should be stressed that the government, in coming to this decision, is not prejudging the matter or the correctness or otherwise of the allegations that have been made concerning the Truscott case.

The official decision has not yet been reached as to the particular form the review will take. Before that is decided I will meet with the Attorney General of Ontario later this week—I have now made arrangements to meet with him on Friday of this week—and the nature of the review will be announced as soon as possible.

Some hon. Members: Hear, hear.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the reaction in general to that announcement will be most favourable. I want to ask the minister whether consideration is being given to the granting by His Excellency the Governor General in Council of a new trial instead of reviewing the matter generally through a commission, which of course would have to review the judgments of the Supreme Court of Canada and the Ontario Court of Appeal.

Mr. Pennell: This relates to a matter of the administration of justice in the province of Ontario and I think I owe the courtesy, at least, of speaking to the Attorney General of the province of Ontario. May I respectfully decline, therefore, to make any further announcement at this time.

Mr. Knowles: A supplementary question, Mr. Speaker. May we in the meantime assume that one of the ways being considered as a possibility is a royal commission?

Some hon. Members: Order.

EDUCATION

MEETING BETWEEN PRIME MINISTER AND SCHOOL TRUSTEES DELEGATION

On the orders of the day:

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I have a question for the Prime

Minister. I would like to ask whether, in view of the immense importance to the future of this country of the educational qualifications of her people, he has decided to meet with a delegation of the Canadian School Trustees Association who have been trying to arrange a meeting with him?

Right Hon. L. B. Pearson (Prime Minister): I have met, of course, a good number of delegations on this vitally important subject. I am not too familiar with this particular delegation but will look into the matter at once and see whether a request has been made.

[*Translation*]

EXPO '67

INQUIRY AS TO VISIT BY PRIME MINISTER

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the right hon. Prime Minister concerning his recent visit to the Expo '67 construction site in Montreal.

Could he tell the house if the funds are used properly and if the construction work will be finished in time?

Mr. Speaker: Order. This is a general question and it is not urgent enough to be asked at this time.

[*English*]

ESTIMATED DEFICIT—SHARE TO BE BORNE BY FEDERAL GOVERNMENT

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, in the absence of the Minister of Trade and Commerce I should like to address a question to the Minister of Finance respecting Expo '67. It is reported that the estimated deficit for Expo '67 has gone up to $82 million. Has the federal government concurred in this new estimate and, if so, what share of the $82 million will be borne by the federal government?

Mr. Speaker: Order, please. This question should be placed on the order paper.

[*Later:*]

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the Prime Minister. Could the Prime Minister, or the house leader now that he is back in the chamber, indicate when we might be able to have the estimates of Expo '67 presented to a committee of the house so that all aspects of Expo could be gone into by members of the house?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I am not sure whether they were referred to the committee. I would have to check whether they were referred and are now before the standing committee. I will check into the matter immediately.

[*Translation*]

WINTER WORKS

REPORTED REFUSAL OF LOANS TO BANKS

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I wish to put a question to the hon. Minister of Labour.

The authorities of a municipality located in my riding sent me documents and made certain protests with regard to the winter works program. I was told, among other things, that the bank refused to pay some municipal employees allegedly because it was a federal responsibility.

Mr. Speaker: Order. Would the hon. member put his question? It seems to me he is now making a speech rather than asking a question.

Mr. Latulippe: Mr. Speaker, here is my question. A municipality in my riding was refused the necessary amounts of money to pay employees who had performed work in conjunction with the winter works program.

Further to information I was given—

Mr. Speaker: Order. Would the hon. member put his question?

[*English*]

LABOUR RELATIONS

NON-OPERATING RAILWAY UNIONS—APPOINTMENT OF CONCILIATION BOARD CHAIRMAN

On the orders of the day:

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, my question is directed to the Minister of Labour. Could the minister advise the house whether a chairman has been appointed for the two conciliation boards established in the dispute between the Canadian National and Canadian Pacific Railways and the non-operating unions?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I am sure the house will be pleased to know that a chairman has been selected.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: It is not a matter of great surprise.

Mr. Nicholson: Mr. Justice F. C. Munroe of the Supreme Court of British Columbia, who did such an outstanding job on the two previous conciliation boards, has agreed to accept this appointment at the joint request of both railways, and of the brotherhoods and unions concerned. This is a great—a unique—tribute to Mr. Justice Munroe.

CANADIAN CONSTITUTION

MEETING WITH PROVINCES ON WRITTEN CONSTITUTION

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to ask a question of the Minister of Mines and Technical Surveys based on his statement in Toronto last night relating to constitutional reform. Is the government now postponing indefinitely any meeting with the provinces in order to obtain agreement on a written constitution suited to modern times?

Mr. Speaker: Order, please. I do not think this question can be accepted. It seems to be of a very general nature and does not seem to be very urgent.

GRAIN

PRINCE RUPERT, B.C.—INCREASE IN ELEVATOR CAPACITY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. My question is based upon the announcement by the Minister of Finance just prior to the Easter recess that greatly increased sales of wheat would be made to China. In the light of that announcement I wonder whether the Minister of Agriculture has reviewed over the Easter recess the prospects of building a grain elevator extension at Prince Rupert and has come to a more favourable decision than he did before?

Mr. Speaker: Order, please. I wonder whether this question is so urgent that it ought to be put verbally at this time. I would suggest to the hon. member that he could easily put it on the order paper.

Mr. Howard: I would rather raise it at ten o'clock, Mr. Speaker.

AGRICULTURE

CREAM—REQUEST FOR ACKNOWLEDGEMENT OF SUBSIDY APPLICATIONS

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I have a question for the Minister of Agriculture, Mr. Speaker. Would the minister consider asking his department to send a note of acknowledgement to those people who have submitted applications for deficiency payments on cream, thereby avoiding the further confusion of having farmers send letters to the department asking what has happened to their applications?

Mr. Speaker: Order, please. I am sure the Minister of Agriculture has noted the submission made by the hon. member. This is not a question which should be asked at this time.

Mr. Korchinski: Could the minister indicate whether something will be done? Could he possibly indicate at this time when the final payments will be made so these people will not be kept waiting?

Mr. Speaker: Order. I cannot accept the question. If the hon. member thinks it is urgent enough, he can discuss it on the adjournment debate.

Mr. Korchinski: I certainly will.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Industry. I did not get a chance to send him notice. Has his attention been drawn to a speech made by a United States government official on the west coast indicating that as a result of the so-called automotive free trade agreement there has been an addition of $100 million to the balance of payments deficit? Has the minister decided on another industry to which the same principle could be applied, resulting in an addition to the balance of payments deficit without any compensating benefit to the consumer?

Mr. Speaker: Order, please. This is a very interesting argument, not a question.

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the interest aroused amongst the Canadian people,

can he tell us whether or not he has had a discussion with Mr. Laurier LaPierre about Mr. LaPierre's proposed entry into politics as a Liberal?

Right Hon. L. B. Pearson (Prime Minister): Not yet, Mr. Speaker.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I should like to direct a question to the Secretary of State related to those already asked with regard to the C.B.C. Has the hon. lady a solid basis of fact for her alarm over the affairs of the C.B.C. as expressed in her iceberg statement?

FARM MACHINERY

INQUIRY AS TO GOVERNMENT ACTION RESPECTING PRICES

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Has the minister looked into the high cost of farm machinery, as he said he would, and what steps has he in mind to undertake now in connection with this matter?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the government is looking into this matter and an announcement will be made in due course.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Would the minister say who is looking into this question? There is a galloping increase in the price of agricultural equipment. The minister said months ago that someone was looking into the question. Is he doing it or someone else?

Mr. Greene: The government is looking into it.

NATURAL GAS

U.S. HEARING ON TRANSMISSION BETWEEN CANADIAN POINTS

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in the absence of the Minister of Trade and Commerce I should like to direct my question to the Prime Minister. Will he advise the house whether the government of Canada is either represented directly or has someone holding a watching brief at the hearing of the federal power commission today into the question of how gas from western Canada shall be transported for use in eastern Canada?

[Mr. Johnston.]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will take that question as notice and look into it right away.

NATIONAL DEFENCE

GREENWOOD—REPORTED FIGHT FOLLOWING PAY INCREASES FOR PILOTS

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I should like to know if the Minister of National Defence has been advised of a fight in the officers' mess at Greenwood as a result of the substantial pay increases for pilots? Have any new regulations been instituted by the defence department to avoid further fights with regard to discrimination in pay increases?

Mr. Speaker: Order, please. I do not think this is a question that should be asked at this time. Perhaps the hon. member would want to discuss the matter on the adjournment debate, if he thinks it is urgent enough.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Perhaps I could ask a supplementary question. What is the government doing to prevent these fights in officers' messes?

Right Hon. L. B. Pearson (Prime Minister): The government, Mr. Speaker, is doing its best to prevent fights in the House of Commons.

Hon. Marcel Lambert (Edmonton West): May I ask a supplementary question of the Minister of National Defence. Is one step contemplated to keep peace and order within the R.C.A.F. the granting of permanent commissions to anyone admitted to pilot rank regardless of further considerations?

Hon. Paul Hellyer (Minister of National Defence): It will be our policy to train only pilots who accept permanent commissions in order to guarantee that we have their services available to the defence forces for a longer period of time. With regard to the previous question, perhaps the Leader of the Opposition and I might join forces to visit some of the messes to see if we could use our influence in a moderating way.

Mr. Diefenbaker: The suggestion is a good one, but how are you going to explain the unjust discrimination, no matter how pacific a temperament you may have?

CANADIAN NATIONAL RAILWAYS

IMPLEMENTATION OF RECOMMENDATIONS IN REPORT ON RUN-THROUGHS

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, I should like to ask the Minister of Labour if, as has been reported, he is proposing a further commission of inquiry into the recommendations of the Freedman commission; or alternatively, when may action be expected on the recommendations in that report?

Hon. J. R. Nicholson (Minister of Labour): The answer to that is no, Mr. Speaker. Consideration is being given by the minister to the matter but no consideration has yet been given by the government.

TRANSPORT

PICTOU LANDING, N.S.—REPORTED UNSAFE CONDITION OF WHARF

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a question for the Minister of Public Works which he may want to take as notice. In view of the importance of the employment which may be provided in the area and in view of the fact two ships will soon be docking there, has the minister received a telegram from the Henderson Lumber Company regarding the wharf at Pictou Landing, Nova Scotia, and the fact it cannot be used for unloading these ships because it has been condemned?

Mr. Speaker: Order, please. This does not appear to be a matter of national importance at this moment.

Mr. MacEwan: The urgency is that the ships will be docking any time and the wharf has been condemned so that trucks are not allowed on it. I will raise the matter at ten o'clock.

LABOUR CONDITIONS

TRUCKING INDUSTRY—IMPLEMENTATION OF 40 HOUR WEEK

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I should like to ask the Minister of Labour if, in view of the continuing serious strike in the trucking industry, he has made a decision yet when he will implement the provisions of the Canada Labour (Standards) Code with regard to the 40 hour week?

Hon. J. R. Nicholson (Minister of Labour): The answer is no, Mr. Speaker.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I should like to ask the Minister of Veterans Affairs if he can say whether the report from Mr. Justice Wood on the Canadian Pension Commission has been received.

Hon. Roger Teillet (Minister of Veterans Affairs): No, Mr. Speaker, I have not yet received the report. I understand that requests for further presentations in the early weeks of May have caused some delay before the report can be written.

[*Translation*]

PUBLIC SERVICE

BILINGUALISM—INQUIRY AS TO AMENDMENT OF ACT

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Prime Minister.

With regard to the recent policy on bilingualism in the public service, does the government intend to include it in the Civil Service Act and to amend very shortly section 47 of that act?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): The amending of this section, Mr. Speaker, is a matter of government policy and if any decision with regard to this section is made an announcement will be made in the regular way.

FISHERIES

PRINCE EDWARD ISLAND—INQUIRY AS TO OPENING OF LOBSTER SEASON

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. In order to remove uncertainties in the fishing industry, can the minister say when the fishing season will open in lobster fishing district No. 7B?

Hon. H. J. Robichaud (Minister of Fisheries): Yes, Mr. Speaker.

Mr. Speaker: Order. Again I doubt that this is a question of national importance although it may be. If hon. members think it is I will allow the Minister of Fisheries to make a reply.

Inquiries of the Ministry

Mr. Robichaud: I understand the concern of the hon. member because in recent years no definite date was set for the opening of the lobster season due to the ice movement. However, the most recent ice chart issued by the Department of Transport indicates there should not be any ice in the area for the opening date of the lobster fishing season. In view of the foregoing it is recommended that the lobster season for districts 7B and 7C will open, as set out in the regulations, on May 1.

Mr. Thomas M. Bell (Saint John-Albert): A supplementary question, Mr. Speaker, with respect to the closing of the oyster season. Has the minister any information on the investigation being conducted into the oyster situation in Kent county, in particular the water pollution samples which were sent to Halifax quite some time ago?

Mr. Robichaud: Yes, Mr. Speaker. This is a matter which comes under the jurisdiction of the Minister of National Health and Welfare. Following the tests of the samples of water taken from the area, we have ordered that the season be closed for that portion of the Buctouche river affected by pollution.

BAY OF FUNDY—REPORTED DISCRIMINATION AGAINST NOVA SCOTIA FISHERMEN

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, my question is directed to the Minister of Fisheries and involves a matter of discrimination. On January 20 I asked the minister a question about closure of the New Brunswick shore and the minister advised that he would give me a reply in writing. The herring season opened on April 15 and there were over 30 New Brunswick seiners in the Annapolis basin Easter Sunday. Is the minister now able to state the time when closure of the New Brunswick shore will be lifted?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, I wish to advise the hon. member that the herring season has been open all winter. There has been herring fishing by seiners during all the winter months.

So far as closure of certain areas in the Bay of Fundy is concerned, this matter is still under review. Because of recent representations received from certain areas on the southwestern shore of Nova Scotia, only this morning I notified the minister of fisheries for Nova Scotia that a meeting would take place in Fredericton on May 7, following the meeting of the Atlantic herring fishery, in order to discuss this matter further.

[*Translation*]

Mr. Paul Langlois (Chicoutimi): Mr. Speaker, I should like to put a supplementary question to the Minister of Fisheries.

Could the minister tell us at what time with regard to the lobster in district 7-B?

Mr. Robichaud: Yes.

Mr. Speaker: Order.

[*English*]

BUSINESS OF THE HOUSE

REQUEST FOR STATEMENT ON PENDING LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Could the Prime Minister give the house, either today or at an early date, the 15 items of important government legislation which he referred to outside the house during the recess? Would he indicate which of those items are not yet on the order paper and whether they will be put on the order paper soon?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think that before I do so there should be a meeting between the government house leader and the other house leaders in order to go into the plans for this part of the session. Most of these 15 items are already on the order paper and are well known to hon. members. Since I picked the figure of 15 I have been told by some of my colleagues that the figure should have been 21.

CANADA PENSION PLAN

INQUIRY AS TO REFUNDS TO EMPLOYERS

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, may I direct a question to the Minister of National Revenue. In view of the fact that industry spokesmen claim that overpayments to the Canada Pension Plan and the Quebec pension plan could total up to $30 million a year, would the minister inform the house whether he has instituted a method of refunding overpayments made by employers as workers move from one job to another?

Mr. Speaker: Order. This question should be placed on the order paper.

OLD AGE ASSISTANCE

REQUEST FOR INCREASE IN PERMISSIBLE EARNED INCOME

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of National Health and Welfare. In view of the repeated increases in the cost of living, is the government considering an amendment to the regulations regarding eligibility in so far as earned income is concerned for those receiving supplementary assistance under the Old Age Security Act?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker—

Mr. Speaker: Order. It seems to me that this question sounds very much like one posed a moment ago, but if it is not the minister may reply to it.

Mr. MacEachen: Mr. Speaker, this is a matter of policy and when a decision is made it will be announced in the regular way.

COAL

INQUIRY AS TO REPORT ON ASSISTANCE PROGRAM

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, may I direct my question either to the Minister of Mines and Technical Surveys or the Minister of Finance. I am not sure who is handling the problem at the moment. May I ask how soon the Dr. Ritchie Donald report on coal will be available, whether the contents will be made public when it is available and how soon the government expects to act on the report after it is received?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, Dr. Donald will probably be reporting to me since the Prime Minister asked me to take general responsibility in this area. We met with Dr. Donald the other day and I understand that his report is in its final stages. The question of whether it will be published will be determined when we receive it. So will the question of whether we act upon it.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, April 1, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith, and the amendment to the amendment of Mr. Cameron (Nanaimo-Cowichan-The Islands).

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, before I was interrupted by the clock when the budget debate was adjourned prior to Easter there was only time for me to congratulate the Minister of Finance (Mr. Sharp) on his excellent non-partisan presentation and to point out that the sense of control, firmness and knowledgeable management that emanated from his speech was welcomed by all sections of the country. Since then, on the street interviews, as carried in the daily press, confirm the feeling of confidence on the part of the average citizen in this budget and in the various measures for controlled development of Canada that were put forward.

I trust it is in order to mention that my own minister, the hon. member for Kingston (Mr. Benson), undoubtedly made his usual wise and experienced counsel available to the Minister of Finance, and it is only right that his contribution should be noted here. Being a very modest and humble man it would never enter his head to seek this kind of recognition for himself, but I believe I can expose him to flattering remarks at this time. At any rate, it is good to be on the side of the angels.

This business of making a budget and of its presentation is something that has intrigued me for a long time. I wonder whether the importance of budget night is not becoming magnified out of proportion. I am not speaking of the importance of a budget itself. I am speaking of the custom that has grown up where by budget night becomes the surprise package focal point of our hopes and plans, our disappointments or satisfactions, our approval or condemnation of a whole year's program. There is a sort of Christmas morning gift giving or taking atmosphere about the whole thing that seems to me to be a little artificial and in many cases clouds the basic reasoning and logic behind a budget. Many press stories simplify the whole thing into two easily read lists. One is entitled "These things will cost you more" and the other, "These things will cost you less."

There are some well-researched articles on a budget and its implications in the financial

pages and editorially but generally my impression is that the main interest on the front pages seems to be focused on whether taxes have gone up or down. Indeed, this concentration on the single point of higher or lower taxes leads many political columnists and pundits to forecast whether general elections are imminent. This is too cynical an approach for me, and I believe the importance of a budget is obscured by these observations.

• (3:50 p.m.)

I think the Canadian people are politically mature enough to understand why taxes go up or down. I think they are more vitally interested in great, imaginative national programs of resources development, medical and scientific research, educational opportunities and external aid than they are in the cost of a package of cigarettes or a bottle of liquor or a few dollars more in income tax. If this budget-making process could be levelled out over the year without this aura of "Guess what's in it for me", and "Do not open before budget night", I think a government's forward planning and management techniques could be more easily applied to five- and ten-year projects. Some of this is done now by individual pieces of legislation. The Canada-United States auto agreement is a case in point. I should like to see our citizens made aware of where their money is going and why it is going there and not just how much they are asked to pay. I believe their sense of involvement and participation in the nation's development and destiny would be heightened.

I know there are some budgetary matters that because of their effect on the stock and bond markets must be highly secret until the "big night". But in many other matters I see no harm—indeed, would it not be beneficial—in having the widest possible open discussion on plans, projects and measures for some months preceding the budget. This would do away with sudden jolts or the delaying of business decisions and an artificial slow-down of development on the part of industry and others who feel they must wait and see what the budget says.

If we used our budgets as a weapon for the achievement of say a four- or five-year development goal and that goal was thoroughly understood by every segment of Canadian society, would this not make the Speech from the Throne much more authoritative? Budget time provides a field day for politicians. Parliament is in the limelight and all of us, the professional experts and the amateurs—I am in the latter category as hon. members have rightly assumed by now—get the opportunity to speak to the nation. We tell the people in unmistakable political overtones what the budget means. But the people feel left out. I want them involved mentally and not just financially.

I know that a budget controls by acceleration or deceleration the rate of growth of our country. But it does this in accordance with conditions that exist or threaten to exist on a short term basis. Can we have a closer alliance between this budgetary control and our economic and physical five- and ten-year development goals? Are there not other ways of taking the heat out of a fast running economic motor than by lightening the load for a short time? Are we trying to get too much milk from too few cows? When this happens you can do one of three things: carry on and ruin the cow, cut back on her milk production, or get more cows.

If our present manpower resources are numerically inadequate to reach the full potentialities of growth for Canada, I would suppose we should increase those manpower resources quickly rather than lowering our aim. I have felt for a long time now that immigration on whatever scale is necessary to meet our development objectives should be considered as an economic resource as well as cultural and human resource.

There are great differences of opinion in this area. I do not propose to go into it further at this time other than to mention two opposing views on the same front page of the *Financial Post* of April 2, 1966. The heading of the first article reads: "Do We Really Have A Skills Shortage? Experts suspicious." I quote:

> Supplying the facts on skillpower will be the role of an important branch being set up inside the new federal manpower department. It is charged with going into the field to gather employment data, then processing it into detailed and useful forms which can be used in measuring Canada's manpower needs and resources.
>
> This is the result of a growing suspicion among government manpower planners that the skill shortage in Canada may not be nearly as acute as it appears. "There are so few facts to work on," a senior Ottawa official explains. "There are assumptions based on isolated examples, but we lack any really effective and sophisticated system for measuring our manpower resources. We are even worse off when it comes down to measuring manpower utilization."

The other front page article is headed, "Men Are Available To Do It Now", and reads:

> From Ottawa earlier this week also came news of a long overdue change in this country's approach to skillpower problems. The embryo Department of Manpower will henceforth find out from industry as precisely as it can what skilled manpower needs will be in the months ahead and translate these into training and immigration policies.
>
> This goes far to solve a paradox for policy-makers brought about by the steady step-up of the Canadian economy toward capacity operation.
>
> On the one hand we have evidence of an economy hamstrung by shortages of skills. Aircraft orders turned down for want of appropriate workers. Order backlogs one-third higher than a year ago in the plants of industrial machinery producers. Companies and provinces sending abroad for skilled hands for work ranging from textiles to mining. At the same time there have been equally disturbing indications that some so-called shortages are more talk than reality.

Who is right? I think it is time we found out. The Prime Minister (Mr. Pearson) and his government, the Liberal government I am proud to support, must be praised for setting up the machine for the establishment of this new ministry under the guidance of a courageous and dedicated Canadian—he has just left the house—who has quietly won the respect and affection of his caucus colleagues and of the house as well, I believe. I refer to the hon. member for Quebec West (Mr. Marchand).

If any hon. members think, Mr. Speaker, because I have so far spent little time in praising certain budget items, that I am quietly criticizing the budget, they are away off base. For its timing and in the context of traditional budget procedures since our earliest parliaments, this budget is one of the better ones. I will certainly be voting to sustain the good judgment of the finance minister and of the government when the division bells ring, as I hope will all members of the house.

In the time remaining, Mr. Speaker, I want to bring to the attention of this house and I hope to the attention of all patriotic Canadians east and west an issue of immediate paramount importance. At least, I conceive it to be so and I do not stand alone in my concern. This matter does not directly concern itself with the budget but its relationship thereto is apparent. Frankly, I am convinced that it is of more immediate and lasting consequence to every Canadian man, woman and child than the budget itself. The issue I bring before the house, Mr. Speaker, is the whole question of the extent of foreign ownership and control of Canadian resources and industry in 1966, one year before the celebration of our hundredth birthday. Are we quietly strolling down the road to national oblivion? Is there an inherently dangerous relationship between massive foreign ownership and economic and then political sovereignty.

I spoke earlier, Mr. Speaker, of the desirability of communication and public discussion of national goals and projects. If ever a question of the greatest public concern cried out for the broadest public discussion right now it is this one. I should like to see the Canadian people committed one way or the other by the time of our one hundredth anniversary a little over a year from now. What will we be saying as a nation on July 1, 1967—"We wonder what is going to happen to us by 2,000 A.D." or "We know what we will make of Canada by 2,000 A.D?"

I believe this is the major issue of the day. Really it is the only issue because, until it is faced and settled for generations to come, discussions of other matters, including budgets, are academic. We may be spending money for nothing. The moment of truth has arrived for us as a nation and as individual Canadians.

• (4:00 p.m.)

The conscious settlement and decision of this issue in our heads and hearts could prove to be our salvation as a united country. It could lift us out of our introspection and destructive self-criticism, this pulling up the flower to see if the roots are growing. I am convinced that the spiritual resources of most Canadians in every province are more than equal to the challenge and responsibility of owning Canada. This is a big enough challenge to stir their loyalty; this is a great enough goal to enlist their devotion. It is tough enough to use all their muscles and energy and creativeness; it could be the moral equivalent of war for a peace-loving people. There is a contented peacefulness that comes with the tranquility of the grave and there is the peace and poise of a people embarked on a great adventure. I believe I know what kind Canadians will choose when the issue is put to them.

The first question to decide is whether economic and political domination follow large foreign equity ownership of a country's economy. Where is the danger point? The second question is: In this interdependent world how do we handle this problem without becoming selfish national isolationists,

without giving ideological comfort to the enemies of freedom and individual liberty, without making enemies of traditional friends and allies whose friendship is valued and unquestioned?

Our aim should be clear: under our own ownership and control to make the greatest contribution our talents allow to the awakening of the sleeping Canadian giant and then, in full co-operation with all nations, to work for equality of opportunity and justice through the rule of law for all human beings, black, yellow or white.

There are those, Mr. Speaker, who believe that Canada can accomplish these aims by becoming economically integrated in the North American complex. By submerging or erasing borders we become part of a larger unit. This thinking, which is represented on both sides of the 49th parallel, has come to be known as continentalism. Those who see more good than evil in foreign ownership penetration into Canada's economy have been called continentalists. For want of a better word those who take the opposite view have been called nationalists—economic nationalists or political nationalists. I prefer the word "Canadians."

Fundamentally—and I hope I am not simplifying this too much—a continentalist seems to think, consciously or otherwise, that whatever is good for North America is good for Canada. He sees no direct relationship between national self-determination, economically, politically or culturally, and the eventual total integration of Canadian and United States economies. If figures mean anything, then the present rate of takeover of Canadian resources, business and industry can lead only to that end. If there is no danger to Canadian nationhood in such an intertwining, we are very fortunate people. However, if there are unknown contingent liabilities involved in such an arrangement which affect all living Canadians and those yet to come, then we are embarked on a hazardous adventure. Those who have done any thinking at all about Canada's future must surely ask themselves; What are we getting into?

It is time, Mr. Speaker, for the fullest and widest public discussion from coast to coast about this whole matter. I ask my generation to answer these questions: Are we giving away our past which we did not earn, and our future which does not belong to us? As temporary custodians of this entity called Canada, have we the right to sell the family assets without reference to our heirs?

[Mr. Walker.]

If we Canadians can have the best of both worlds, economic and political control of our country plus unprecedented prosperity through foreign equity investment, then everything is coming up roses. I do not believe we can. The hard cold fact of financial equity investment is that political power is always used eventually to protect that investment. We are naïve to think otherwise. All the weeping and wailing and gnashing of teeth will be to no avail if we wake up some morning and find we have lost the right to make our economic and political decisions for all time. And we will have no one to blame but ourselves—not the Americans, not the Japanese, not the Germans, just ourselves. It makes much more sense to me to ask individual nationals of other countries to come here and help us develop our nation from within as Canadians then to import dollars and have them develop and control it from without as non-Canadians.

In terms of labels it is already clear I am an economic nationalist. I believe that whatever is good for Canada is good for North America and the world. I want Canada to be able to speak forever with all the power and freedom of a nation in full control of its future. This does not preclude collaboration and the fullest co-operation with other nations whose aims are compatible with ours. It does mean that we are under economic obligation to no one to compromise our convictions or destroy our destiny. Who is going to develop and own Canada? Other people or Canadians?

This is far too broad a subject to cover in one short speech. If I have done nothing more today than to put question marks in people's minds, to start them seriously thinking and talking about this subject, I am satisfied. No government by itself can solve this question; it is up to the Canadian people. They must make the decision or, shall I say, twenty million individual decisions. To do this they must have the facts. There must be discussion and debate. Either this issue is the most important one, the important one, facing Canadians today or it is of no consequence. Either these figures from the *Financial Post* of November 3, 1962 are vitally important or they are harmless statistics.

I ask hon. members to note the percentage of foreign equity ownership in the following industries in Canada. This is in the manufacturing area and these are 1959 figures: Rubber, 90 per cent; pulp and paper, 38 per cent;

agricultural machinery, 55 per cent; automobiles and parts, 96 per cent; electrical apparatus, 67 per cent; chemicals, 52 per cent; total manufacturing, 44 per cent; petroleum and natural gas, 69 per cent; mining, 53 per cent. Either these figures are vitally important or they are harmless statistics.

Either the following remarks by Beland Honderich of the Toronto *Star* are terribly important or they are just fillers for an after dinner speech. These are excerpts from the address given by Mr. Honderich on March 12, 1965, to the United States and Canadian members of the International Press Institute in Quebec city:

Total foreign investment in 1961 was just under $24 billion and increasing rapidly. Figures have not been published since 1961 but today it is probably in excess of $25 billion.

To express it another way, if the volume of foreign investment in the United States was as great as it is in Canada, it would total over $375 billion. And that, gentlemen, is considerably more than the combined assets of the 500 largest corporations in the United States.

Foreigners control one out of every three companies with assets of more than $1 million. They control two out of every three firms worth $25 million or more. No other developed country in the world has so many key industries under foreign control. If the same situation existed in the United States, General Motors, Ford, Chrysler, General Electric, Westinghouse, U.S. Rubber, Goodyear, I.B.M. and literally hundreds of the largest companies would be controlled by foreigners.

I continue to quote from this address by Mr. Honderich.

Foreign investment which brings with it new technical knowhow for the development of Canadian resources, and provides new jobs for Canadians, obviously contributes to the national good. But even in these cases there should be provision for Canadian participation in ownership. Canadians have a right, I submit, to share in the prosperity of Canadian business.

Foreign capital, on the other hand, that does not add to our productive facilities and, instead, merely brings about a change of ownership of an existing plant, should be subject to close scrutiny.

• (4:10 p.m.)

I polled my electors a few months ago on this problem and had over 2,700 replies. The figures are enlightening. My question was in four parts:

Are you aware of the extent of foreign ownership of "Canadian" industries and national resources?

The answer was yes, 88 per cent.

Are you concerned about this?

The answer was yes, 63 per cent.

Should steps be taken to reverse this trend?

Yes, 61 per cent.

If necessary, would you accept a temporary lower standard of living to accomplish this?

Yes, 40 per cent; only 40 per cent, closer to one-third than one-half.

Now you see why I say that it is up to Canadians to make this corporate decision. It is their country. It is their children's country. It is their devotion and commitment to Canada's second century that is on trial. I believe the danger flags are flying. The time has come to face the facts to make a national decision one way or the other. We are all involved. No one can escape this obligation to decide on Canada's future.

Let us move quickly with the Canada Development Corporation. Let us ask the Economic Council of Canada to move quickly on clause (d) of section 9 of the act which spells out a particular duty "to study means of increasing Canadian participation in the ownership, control and management of industries in Canada." Let us get all the experienced counsel available and determine whether we are travelling on a safe high-road to prosperity and power or in a borrowed vehicle down a dead-end street.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, it is a pleasure to follow the Parliamentary Secretary to the Minister of National Revenue (Mr. Walker). I congratulate him on his eloquent and sentimental address on Canada and its future. He is from a wealthy area of Canada and can afford the luxury of this type of broad thinking. But I am from the Maritimes and am more concerned with matters close at hand. Therefore I hope the house will understand if my remarks are not so full of praise about the budget.

The budget was to be the big effort of the new Minister of Finance (Mr. Sharp). Good politician that he is I presume he looked over the last election results. I hope he saw the bitter defeat his party received in the Maritimes and I hope he questioned why. However, that would appear to be all he did because his failure to act on our regional imbalances is not being accepted in the eastern provinces.

The slogans that are prevalent today, "Ban the boom" and "Don't do it now, do it later", mean very little to us. We do not know where the boom is. We do not know what he is talking about that should be delayed. We do not have any idea of this going slow.

The lack of provisions in the budget to deal with our regional problems has caused the Minister of Finance to fall to the very bottom of the ladder with respect to his political ambitions. He is now the low man. I would venture to say he is just as low as was the former minister of finance, the hon. member for Davenport (Mr. Gordon), in the eyes of the people in the Maritimes.

I read in the paper the other day that the minister is going to take a course in Berlitz French in order to achieve his political leadership ambitions. I suggest he go out and get a Berlitz course on the Maritimes because it would do him a lot of good and would be easier than the method he is now using to achieve better regard in the Maritimes and to further the ambitions which he quite rightly has.

This problem of regional imbalances is prevalent in many countries of the world. Large and small European countries have had to deal with it. The United States went through a serious period in this respect but has been able to diversify its economy. For example, the motor car industry is located all over the United States. California rivals New York, and the southern states are also well off economically.

It is not an easy problem. It is a difficult challenge to raise the levels of prosperity, particularly in a country with the geography and diversification of Canada. The Maritimes have always been regarded as low income and high unemployment areas. This is not something new. Many figures could be put on the record to illustrate the point.

Lest some people think we are sharing in the current wave of prosperity I point out that in the last five years the regional gain has surpassed the national increase only on three occasions. This might promote false optimism, but so far in the current upswing of the business cycle regional income has not benefited to the same extent as has Canadian income generally. Since 1961—the current expansion began in the first part of that year—personal income has risen 20.1 per cent in the region compared with 22.8 per cent in the nation.

So far as unemployment is concerned I need not give the figures except to say that since world war II unemployment in the Atlantic provinces has been 70 per cent above the Canadian average. Speaking of the post-war period reminds me that it was always said, "You Maritimers have no optimism. You are grovelling around with your problems without looking to the future". This might have been true but around 1950 we developed a new outlook. As the saying goes, we tried to pick ourselves up by our own bootstraps.

The first measure that we fought for—I see the hon. member for Victoria-Carleton (Mr. Flemming), a former premier of New Brunswick, is in his place and he will know what I mean—was the Beechwood project. To my knowledge, Mr. Speaker, that was the first time a federal government assisted a region of Canada in a particular way, and that was the Conservative government of 1957.

The premiers of the Atlantic provinces caught this spirit of optimism, held meetings and introduced constructive proposals on a non-partisan basis. APEC was formed as an agency to gather information which made possible many of the political decisions that were required. Further, the Conservative government set up the Atlantic Development Board, a very revolutionary measure which has had considerable success, and I give the present government credit for modifying it.

A lot more needs to be done, but that was the picture at that time in the Maritimes. At the grass roots and at the political level we were showing new enthusiasm and were trying to do something about our problems. The idea caught on in Ottawa. The Economic Council of Canada was formed and we were optimistic. I digress, Mr. Speaker, for a minute to pay tribute to the work of that council and particularly to Dr. John Deutsch who has shown able leadership. I have always admired him and I particularly admired him for a forthright speech which he delivered to the Canadian Club in Fredericton on January 20, 1966, of which I shall have more to say later.

• (4:20 p.m.)

Dr. Deutsch set as one of the objectives of the Economic Council the study of how "national economic policies can best foster the balanced economic development of all areas of Canada." They admit there is some difficulty in getting at these deep-rooted problems, but one thing was done. They attacked the system of subsidies and their short term benefits. This advice was given to the Minister of Finance in a very straightforward way by Dr. Deutsch and others but he paid no heed to the part of that advice relating to regional plans. I shall return to this subject later.

Many people of the Maritimes at all levels as well as civil servants here in Ottawa have

tried to help in regard to our present difficulty. I should like to pay tribute to those civil servants in Ottawa with whom I have had some communication during the years regarding the problems now facing the Maritimes because, without exception, they showed an interest and a willingness to help us with our difficulties. Every one of them, particularly those of the Departments of Industry, Trade and Commerce and Finance, were sincere in their efforts to find a solution.

During the last two years we have been discouraged by the fact that the government has undermined the efforts of all concerned by turning a completely deaf ear and cold shoulder to our representations. Many of us expected that bad news would be forthcoming and we were not wrong in this regard. The metropolitan areas of Halifax, Saint John and Fredericton were excluded from the benefits to be received through the Department of Industry in relation to incentive area plans. This matter has been mentioned in this house on many occasions. Delegations have made representations and briefs have been presented to the government, but the same old stalling has continued.

APEC, which is one of the strongest voices in the Atlantic provinces, has recommended that the entire Atlantic region be included in the new incentive plans. In support of that recommendation let me state that in my own area, the city of Saint John, we are not only failing to receive new industry but are losing some of our old and well established firms because they are moving outside the excluded area.

In addition to the fact that the areas to which I made reference were not included as designated areas, the Minister of Finance has ignored the words of advice of Dr. Deutsch and others. Where is the regional assistance that we were led to expect would be forthcoming and where, to quote the words of Dr. Deutsch, is the "set of policies selected and specifically tailored to promote a rate of growth in this region which is significantly faster than in the country as a whole?"

Tight money policy is making a comeback but the only thing the Minister of Finance has done to assist our region is to pick out a small area of "inflation" in Prince Edward Island and in Westmorland for special attention. He stamped out that inflation by delaying for some time the construction of a causeway. Instead of giving that area a tonic the government has given it a tranquilizer.

At this stage I should like to put forward certain proposals. As could be expected, I believe that the entire area of the Atlantic provinces, particularly Halifax, Saint John and Fredericton, should be included in the designated areas. I do not think our difficulties will be solved until that has been done. The government has suggested that the Atlantic Development Board will deal appropriately with this matter. However, success will not be achieved when two different agencies are involved in such an important industrial problem as the one now existing in the Atlantic provinces. I should like to quote again from the speech made in Fredericton by Dr. Deutsch. He said:

> —we must take advantage in each region of the trend toward the growing concentration of economic activity in the relatively larger urban centres. This has been a major feature of the pattern of development in all industrially advanced countries. Increasing urbanization has brought new problems which call for new solutions. But to try to reverse this trend would involve much greater economic problems and costs, if indeed it were possible at all.
>
> Many resource-based industries will continue to find advantages in locating close to the resources on which they are based, but we shall also have to offer greater encouragement to development of efficient growth centres within the different regions of our country, including the Atlantic provinces, so that they may be able to develop with the advantages of the vital economies of scale, lower costs, larger markets, and more useful pools of skills.

Those are very significant words and I wish the Minister of Industry (Mr. Drury) were here to listen and pay attention to them.

My second proposal has been mentioned by the hon. member for Qu'Appelle (Mr. Hamilton). He stated that different industries and different areas should be exempted from the budget proposals. Some individuals have suggested that this would be selective budgeting. I do not care what name you attach to it, but one thing is certain, the Industrial Development Bank is not giving the Atlantic provinces their *pro rata* share of assistance.

In this regard, Mr. Speaker, I should like to point out these facts of interest. The people of the Atlantic provinces received 166 of the 2,209 loans made during 1965, or 7.5 per cent. Of the $96,146,000 lent in that year the Atlantic provinces received only $6,016,000, or 6.2 per cent. The average loan made in that area during that year was $36,000.

The Nova Scotia voluntary planning board prepared an excellent report on economic planning and I should like to quote a portion

of that report regarding proposals on monetary and fiscal policy. The report states in part:

> In periods of national monetary restraint, and in the absence of excessive aggregate demand pressures in Nova Scotia, the federal government should make an effort to exclude the province from the full force of credit restrictions by (a) having the agencies of the federal government which provide credit, such as the Industrial Development Bank and the Central Mortgage and Housing Corporation, apply restrictive policies less severely in the province, and (b) encouraging the commercial banks to exempt the province from the full force of restrictions on credit availability.

Evidently that advice did not reach the ears of the minister when he was preparing his famous budget.

My third proposal came to mind when I listened to a question asked today in the house regarding the so-called automobile agreement. This involves an interesting experiment. I do not know what its ramifications are or whether it will or will not help certain areas, but it is evident that the Windsor area, which had employment difficulties, has experienced certain success. I should like to see a similar experiment carried out in respect of particular commodities in the Atlantic provinces area. I think many of our natural markets in the New England states and in the West Indies could be further developed in this way. Let us hope that the next experiment in free trade of this kind is carried out in the Atlantic provinces.

• (4:30 p.m.)

I put forward these proposals to the Minister of Finance with all sincerity, hoping that he will in some way interest himself in them and redeem himself after the fiasco which he brought forward the other night as his first budget. It is for these reasons that we in the Maritimes are so concerned about the budget. We are concerned about the lack of consideration it displays for our particular area. As I said, beginning in the 1950's we supplied new interest and enthusiasm. Planning boards and agencies were set up, the premiers met, delegations came to Ottawa. Within its responsibility the federal civil service supplied research and information, and action was taken by the previous government.

I ask hon. members to remember Beechwood, the Atlantic adjustment grants and the Atlantic Development Board. The great regional disparities were there before us. We all joined the battle and the fight was begun. But now the Liberals are back and, in the words of many Maritimers, Ottawa is up to its old tricks. Can we afford to turn back the clock to 1956? Is it the old Liberal gang that is letting us down? Will the leopards change their spots?

I am surprised that the Minister of Finance, a former respected civil servant who should have the same interest in this problem that the civil service generally has, and his government do not believe in the principle of special treatment for regional needs. They have become the apologists for big business and central, industrial Canada with all its great power and wealth. For this reason, although the Parliamentary Secretary to the Minister of National Revenue made a very good speech it did not interest me.

I call on all members from the Atlantic provinces, regardless of their political affiliation, to unite in putting forward our cause as strongly and forcibly as possible. In this connection we can take a lesson from Quebec. I see some of the members from that province in the chamber. When a question of their just entitlement is involved, when economic objectives are concerned, all of them stand together regardless of party. There is no division along political lines, and one would not dare oppose them. They know what they want; they unite, go forward and get it. Let us do the same and once and for all show the political leaders of this country—I include the Minister of Finance—regardless of their ambition or background, that we really mean business.

I have read the subamendment of the New Democratic Party. Personally I would not support it because it involves the principle of a guaranteed annual income and I have not fully made up my mind on that point. I cannot decide whether this should apply to people who are not working. I also believe that the whole subamendment is premature in view of the report of the Carter commission for which we are waiting.

Mr. Knowles: It would be very good for the Maritimes.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the Economic White Paper for 1966, which was tabled in this house shortly before the budget was brought down, makes it abundantly clear that during the year 1965 the economic climate in Canada changed from one of moderate expansion in the early part of the year to what the paper describes as a boom climate at the beginning of the year 1966. In this connection I am not going to take the time of the house to read the

White Paper but I should like to draw the attention of hon. members particularly to pages 14 and 15 of that very excellent paper.

Without doubt 1965 was another year, in fact an amazing year, of achievement for the Canadian economy. There would be little point in my attempting to review all the achievements during that year, but I think I should refer to at least a few of them because of the very significant contributions that my new department, the Department of Labour, and Central Mortgage and Housing Corporation, for which I have the responsibility of reporting to parliament, have made in bringing about these achievements.

As hon. members are aware, the demand for an ever-widening variety of goods and services has continued at an increasingly high rate in the past four years. Admittedly this prolonged expansion, which latterly has been very rapid, has brought highly gratifying benefits to Canada. For instance, total employment has increased since 1962 by over 13 per cent, with non-farm employment up by 17 per cent. With regard to unemployment, the national average has come down from the disastrous level of nearly 8 per cent in 1962 to less than 3½ per cent of the labour force in March of this year. The February, 1966, rate is in fact the lowest unemployment rate for any month of February since 1952, and last month, March, found 254,000 more Canadians gainfully employed than in March, 1965.

On March 31 of this year our labour force reached the record high of 7,162,000. It is noteworthy that the figure of less than 3½ per cent is getting very close to the 3 per cent target fixed by the Economic Council in the report to which the hon. member for Saint John-Albert (Mr. Bell) just referred. It is noteworthy also that Canadians generally are much better off today than they have ever been. Labour income has expanded by an estimated 37 per cent since 1962. Indeed, the income of Canadian workers in 1965 showed an increase of 11.1 per cent over 1964. This is the largest year-to-year gain since 1956, according to the Dominion Bureau of Statistics. Even allowing for the rise in consumer prices, labour income was actually 28 per cent higher in 1965 than it was in 1962.

In 1965, also, housing production in Canada, which experience has shown is a very reliable indicator, reached a record high for the fourth consecutive year. Starts were made in 1965 on 166,565 new dwellings, and there is very little doubt that even this unprecedented figure might have been surpassed if the over-all economic expansion had not diverted investment funds into other opportunities.

• (4:40 p.m.)

However, as my colleague, the Minister of Finance (Mr. Sharp), has reminded us more than once during recent weeks, it is significant, most significant, in fact, that the current period of exceptional prosperity, our longest period of unbroken prosperity since world war II, shows no sign of abating. Herein lies Canada's immediate problem. Until very recently, the exceptional high and persistent level of demand for goods and services in Canada could be met by our expanding resources and by drawing upon our idle capacity in our factories and the unduly high, in fact alarmingly high, manpower surplus which existed when this government took office just three years ago.

Over the past year or so, however, Mr. Speaker, it has become increasingly apparent that the persistent demand pressures have begun to exceed our supply of manpower and our ability to meet a very difficult situation, at least, to meet it without very serious acceleration in costs and prices. This is something that we in a free economy have to guard against, must guard against, not only because it can impair our world trading position but because damage can be done to prices. This would have a very serious effect on the distribution of incomes.

The Minister of Finance has referred in his Budget speech, clearly and forcefully, to some of the more significant storm signals with which we in Canada are now confronted. He has outlined also some imaginative and constructive steps that the government is taking to help control the situation and to help guarantee continued expansion of the economy. As the minister aptly put it, now is the time to ease off on the gas pedal a little, though there is no need to put on the brakes.

On March 21, when this house was discussing supply, the right hon. Leader of the Opposition (Mr. Diefenbaker) issued a stern warning, a timely one, I agree. He said that inflation signals were flying everywhere, and in a very sad tone of voice he added that the government seemed unaware of the danger. However, Mr. Speaker, the imaginative and carefully thought out Budget that was announced just a week after this speech shows what a very poor analyst the right hon. gentleman really is. I hope that the Budget has reassured him, for it is now evident that

the government also had seen the inflation signals, probably long before he had, and that as a matter of fact the government had been giving the problem careful thought for some time so it was and is prepared to act decisively to cope with the dangerous situation to which the right hon. gentleman referred.

Hon. members may perhaps be reminded that the Leader of the Opposition said in effect that government action should be fully applied to all over-spending in Canada. In this connection I might refer to the passage at the bottom of page 2943 and continued on page 2944 of *Hansard* on that subject. In that same speech, on page 2944 of *Hansard*, the hon. gentleman refers to a statement by Bruce Hutchison as reported in the Ottawa *Journal* of February 26, in which the author had stressed the necessity for keeping our prices in line with world prices. The right hon. gentleman's remarks were as follows:

Here is an article by Bruce Hutchison. No one can ever accuse him of admiring anything more than he admires the present government. This is what he says as reported in the Ottawa *Journal* of February 26:

"The risk, of course, is that we shall price our goods out of the world market when we have a special chance to price them in."

Then he says, "So I could continue". I think, Mr. Speaker, that hon. members might be reminded that in a subsequent article in the Vancouver *Sun* of April 4, as well as in other Canadian newspapers, Mr. Hutchison commented on this passage in *Hansard* to which I have just referred. Perhaps it might not be inappropriate for me to quote Mr. Hutchison's comments on that speech in the house. In this article Mr. Hutchison says:

Indicting the Pearson government for its failure to prevent inflation, Mr. Diefenbaker cites me as a witness. He quotes certain statements from these columns to prove that even a Liberal of my partisan bias has seen inflation coming for a long time.

Then he tells parliament, with ponderous irony and a straight face, that my evidence against the nation's fiscal policies must be taken seriously because there is nothing on earth that I admire so much as the government.

This is kind, tender and very touching. After all the hard things I have written about Mr. Diefenbaker his compassion often fills me with remorse but I fight it down in the interests of truth. And as a man equally devoted to the truth Mr. Diefenbaker will be the first to admit an error.

Farther down he says, referring to Mr. Diefenbaker:

He is wrong in saying that there is nothing I admire as much as the government. No, I admire much more the economic revelations of Mr. Diefenbaker.

[Mr. Nicholson.]

They are not of the commonplace, grubby sort learned at college. They don't depend on arithmetic or any sordid reports from the Dominion Bureau of Statistics.

They emerge, immaculate, out of the deep, poetical subconscious, a sudden spurt of genius repealing the old outworn shibboleths, cancelling the obsolete law of supply and demand, burying Adam Smith, Maynard Keynes and all the economists forever.

When Mr. Diefenbaker gets going on the problems of inflation the spectator stands aghast before a primitive, shattering spectacle of nature, like a sunset on the Arctic tundra or the Matterhorn in moonlight.

There has been nothing so majestic and magical since Coleridge walked the road to Xanadu and found the woman wailing for her demon lover. You can hear those same wails in parliament today.

Having read Mr. Diefenbaker's speech in *Hansard*, I am too shaken to do it justice. The policy of stringent economy combined with vast new expenditures, the immediate tax reduction designed to cool the overheated business cycle, the need of more money in everybody's pocket to reduce the appetite for goods—these feats of subliminal fantasy leave a man dumb and prostrate in reverence.

Now, Mr. Speaker, I may say also that earlier in this debate the hon. member for Perth (Mr. Monteith) said he could find nothing good to say about the Budget. For some reason that I find difficult to understand, he failed to recognize the imaginative, courageous and pioneering features of this Budget which he described as inept and bureaucratic. In the speeches to which I have referred, both the hon. member for Perth and the Leader of the Opposition quoted widely from selected newspaper editorials in an attempt to find support for their position. In view of this, it might be fitting for me to give the house just one quotation from an impartial outside observer, the New York *Times*.

This highly respected newspaper, in its editorial comment on the first Budget of the Minister of Finance, said:

In taking these steps Mitchell Sharp, Canada's new Finance Minister, is displaying both imagination and flexibility in fiscal policy. Mr. Sharp made clear that his tax package is not intended to halt the upward movement of the Canadian economy. Instead, it is designed to sustain the expansion by moderating it.

In the same editorial I find the following:

The most interesting feature of Mr. Sharp's decision is his innovation of a refundable tax on corporate profits. This proposal represents a flexible attempt to influence corporate spending . . . . This kind of fiscal flexibility, which has been used in Europe, has been talked about in Washington. Now that Ottawa has introduced it on this side of the Atlantic, Washington too may be encouraged to adopt a more flexible stance.

• (4:50 p.m.)

As one who for approximately two decades, Mr. Speaker, was active in two major Canadian industries and also in the public utilities field, I have no hesitation in joining with the *Times* and with many other leading newspapers in stating that the Budget is not only flexible but it is imaginative, timely and sound. This key approach is to move some demands forward in order to even out the level of business activity.

As has been pointed out in this debate, in the last report of the Economic Council the council warned that the recent rate of expansion and investment spending in Canada is clearly not sustainable on a long range basis. In view of this, Mr. Speaker, may I ask how any intelligent, well informed person can seriously argue that this budget will not relieve at least some of the excessive demands on the economy?

In his comments on the budget the hon. member for Perth also referred to page 7 of a pamphlet entitled "Private and Public Investment in Canada, Outlook 1966." His remarks are reported at page 3729 of *Hansard* and he quotes from page 7 of the pamphlet as follows:

> Within the goods producing industries the greatest additional strength appears in the resource based forest and minerals industries where outlays are expected to increase by one-third compared with the 14 per cent rise recorded last year. Of particular significance are the programs currently planned by the mining industry. These involve a doubling of expenditures in iron mines and a similar increase in outlays for potash mines. In addition, spending for facilities for non-ferrous metal mines is expected to rise by about 50 per cent. The added strength in the forest based industries is entirely the result of a further substantial expansion of investment for pulp and paper mills, involving outlays some $120 million greater than those of 1965.

Then the hon. member goes on to ask this question:

> Does the minister want to stop this? These industries help our foreign exchange position; they provide employment and expansion.

In answer to the hon. gentleman's question, Mr. Speaker, it is safe to say clearly and positively that the government does not want to curtail desirable expansion in the forest industry or in any other industry where immediate expansion in these industries is likely to be in the national interest. But what the hon. member for Perth seems to forget is that the forest based and certain other industries in Canada are faced with considerable over-expansion at this particular time, and this is particularly true of the pulp production capacity of this country.

As some hon. members know, I was associated with Canada's forest industry for some little time before I went into politics and, as hon. members will recall, I had the honour to serve as minister of forestry for a period of approximately one year. I speak with some little knowledge and I can say unequivocally that as a result of the enormous expansion of the pulp and paper facilities which is now under way in Canada, particularly in the pulping industry, not only Canada but other export nations of the world are faced with a huge surplus capacity for almost every kind of pulp for the next six or seven years.

In this connection I might refer hon. members to a study which was made in Rome by FAO in the fall of 1963 when I headed the Canadian delegation to the conference held there and my deputy minister chaired the international group who made a study of forecast forest products through to 1975. This review showed conclusively that there will be a huge surplus of certain forest products for the period 1967-1973, followed by shortages in or about 1975.

The forest industry of this country is looking forward to this increased demand in 1975. A great deal of planned expansion in most forest industry activities, however, will not be needed for another five to seven years. That is with the possible exception of newsprint of which there is a shortage. Yet in spite of these figures and in light of the facts brought out in the international study in which representatives from Canada took an active part, at the time the Budget was presented, Mr. Speaker, new pulp and paper capacity representing an investment of approximately $500 million, perhaps more, was either under construction or on the drawing board in British Columbia alone. Other such plants valued at hundreds of millions of dollars were either under construction or on the drawing board in the provinces of Quebec, Nova Scotia and Newfoundland. Still others are in the planning stage. I can show hon. members these plants and the forecasts of production and surplus capacity. What the minister is doing in this Budget, Mr. Speaker, is to encourage the owners of plants which will not be needed for two, three, four, five or perhaps seven years to defer construction where it seems wise to do so until closer to the period of anticipated shortage in the 1970's. Certainly, Mr. Speaker, there is little

point in building plants at a time when we are short of labour, particularly skilled labour, and when we are short of funds, to meet a demand that is not going to be here for several years.

I can state quite frankly that if I were still in business the fact that after March 31, 1968 there will be no sales tax whatever payable on production machinery and equipment would be a very great inducement for me to defer at least some expenditures of that nature. This is especially true, Mr. Speaker, when you consider that the complicated machinery and equipment in a modern factory, such as a pulp or a paper mill, represents the bulk of the huge expenditures involved. Some of these plants are running into $85 million to $100 million, nearly two-thirds of which cost is for machinery and equipment. Why in the name of common sense should one not wait until there is no sales tax payable on that machinery and equipment?

But, Mr. Speaker, in addition to the inducements or incentives which are provided for in the Budget the federal government itself is easing the pressure—taking some pressure off the gas pedal, if I may use my colleague's words—by reducing its own expenditure program for existing and planned capital projects by some 10 per cent. True, some people, including some members of this house, say that the government could and should have gone farther along this line. But I ask hon. members just to keep in mind that the minister said there was not to be a sudden application of brakes but rather a slowing down. Certainly, Mr. Speaker, a reduction of 10 per cent in anticipated capital spending, representing a postponement of several hundred million dollars, is a slowing down that should set a good example both to private industry and to provincial and municipal governments.

Surely the provinces and some municipalities at least can assist in this slowing down process by carefully examining their planned construction programs with a view to seeing just what projects may be lengthened or what projects can be postponed for a year or two. A postponement of at least some public projects would, I believe, certainly be highly desirable in my own province of British Columbia.

• (5:00 p.m.)

In addition to the private investment slated for this year, which I have already said is running into hundreds of millions of dollars, there are two large provincial hydroelectric projects in B.C. each running to a total of at least two-thirds of a billion dollars. The costs of each of these projects have skyrocketed since they were first announced. The ever-increasing payrolls which reflect the recent high wage levels in the province of British Columbia are, I can assure all hon. members, a source of grave concern to private industry in my province. Private industry in British Columbia is finding it increasingly difficult to compete with the tempting wages being paid by the provincial government agency concerned and by its contractors.

In this connection I was gratified to read just a few days ago that the premier of British Columbia, who is certainly a great optimist and who had some critical remarks to make about the Budget when it was first presented, made a statement on April 9 in which he expressed grave concern over the inflationary situation that was developing in the province. He is now suggesting caution in language not very different from that used by the Minister of Finance.

May I read two passages from the Vancouver *Sun* of April 9, 1966. The headline is: "Bennett Asks Restraint To Halt Inflation". I quote his words from the body of the article:

> This is a dangerous period we're in now . . . . It is an inflationary period and it is not a time at which management should try to make excessive profits nor for labour to make excessive demands.

Farther down he says:

> We want to keep this dynamic society of ours moving—

Might one not think that these are the words of the Minister of Finance rather than the premier of British Columbia?

But, Mr. Speaker, while adequate and appropriate fiscal and monetary measures are important and very necessary tools for use in keeping our expanding economy on an even keel, the solution of our other economic and social problems must also be kept in mind. In fact, some such needs must be vigorously pressed. Vast sums of money must be paid out for greater assistance to those who need it. I refer to programs like the Canada Assistance Plan. Vast sums of money are needed for education and vast sums are needed for health purposes. The Minister of Finance made this very clear in this Budget presentation, even though some hon. members opposite who have spoken seem to have overlooked this fact completely.

The hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) in his remarks on April 1 referred to the war on poverty as "government whitewashing." It is hard to

believe, Mr. Speaker, that the hon. member is serious. Perhaps his statement to which I have referred, having been made on April 1, April fool's day, was intended to be taken with a grain of salt.

The existing activities of the government, which it has been made clear are to continue, include a vast expansion of the technical and vocational training facilities built during the past five years, the rural rehabilitation and development agency, the $112 million housing and electrification program for our Indian communities, area development for industry and vocational rehabilitation for the handicapped. No one, Mr. Speaker, can seriously call the expenditure of $112 million for this very proper and very essential purpose mere whitewashing.

Among other new activities also provided for, which are also to continue, which have been included in this year's estimates and therefore in the Budget are programs of manpower mobility, the development of special experimental training programs for people in areas where opportunity is lacking, an expansion of area development to include capital cost grants to new industries of a fifth to a third, and the expansion of the ARDA program to include a $50 million fund to finance projects in rural areas where poverty is severe. Again, Mr. Speaker, these programs can hardly be referred to as mere government whitewashing. Included also in the war on poverty are the Canada Assistance Plan, recently placed on the order paper, and the Company of Young Canadians, now being established.

True, some of these activities lie ahead. However, in the face of such programs it is hard for me to understand, and I am sure it is difficult for most hon. members in this house to understand, how any responsible member can say that the government is prepared to discard our poor, our handicapped, our unemployed and our untrained as defective parts of the machine.

The hon. member for Nanaimo-Cowichan-The Islands at one point in his remarks actually painted Canada as little better than a disaster area. He mentioned slums, poverty and waste of manpower. That there have been problems and serious problems, in some of these areas is true. But what is more important, Mr. Speaker, is that steady progress is now being made to surmount them. Our improved youth allowances program, our increased university grant program, our student loan program and the Canada Pension Plan are good examples of progress. They are certainly not mere whitewashing on the part of the government.

We all know that the provinces have been making enormous efforts to gear their educational systems to our modern needs. We all know that the federal government has been backing up the provinces, especially in areas of technical and vocational training and higher education generally.

Since 1961, when the present technical and vocational training agreements with the provinces came into force—

The Acting Speaker (Mr. Rinfret): Order, please. I regret to interrupt the Minister of Labour but the time allotted for his speech has expired.

Some hon. Members: Carry on.

The Acting Speaker (Mr. Rinfret): The Chair is under the impression that the minister has unanimous consent to continue.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Rinfret): May the minister continue his speech?

Some hon. Members: Agreed.

Mr. Nicholson: Mr. Speaker, I want to thank hon. members for their courtesy. I am almost through and I will not be very long.

As I was saying, since 1961, when the present technical and vocational training agreements with the provinces came into force, the federal government has shared with the provinces in capital expenditures on more than 860 projects for building and equipping technical and vocational schools. Just within the last year enrolments in all the programs under these federal-provincial agreements have increased by 300 per cent. Those are things that people ought to bear in mind before they start talking about government whitewashing.

In the setting of this Budget debate and in the light of our current problems, Mr. Speaker, it might have been appropriate for me to devote some time and thought to the role that our system of labour relations can and should play in contributing to Canada's social progress and continued economic growth. It has seemed to me for some time that we in Canada have been entirely too reluctant and hesitant in breaking new ground in the solution of broad economic and social problems through the combined efforts

of labour, management and governments. What we need today, in my opinion, is a new strategy of labour relations in Canada to ensure that economic growth is achieved and that its benefits are fairly shared.

In spite of the indulgence extended by the house, time does not permit me to develop this theme adequately during this debate. I hope to do so, however, on another occasion at an early date. In the meantime I urge hon. members to study and restudy the Budget proposals. When they have done so I have no doubt whatever that both the amendment and the subamendment will receive scant support when the time comes to vote on them.

Mr. L. M. Brand (Saskatoon): Mr. Speaker, as I rise to speak in the Budget debate perhaps I may be permitted, since it is the first opportunity I have had, to congratulate you and your colleagues on your elevation to the high positions you hold in this house. Coming so many months late, my congratulations may possibly carry a greater note of sincerity, especially after having watched you perform your duties.

I should like, if I may be permitted to do so, to pay a very brief but very sincere tribute to my predecessor in the House of Commons, Dr. Eloise Jones, who served the constituency of Saskatoon with such excellence. Now and for many years to come she will be held in high regard and affection not only by those in this house but also by her constituents in the city of Saskatoon.

• (5:10 p.m.)

After spending a few days in my home riding, as most members did, I came back to Ottawa having listened to many of my constituents. I received many telephone calls from them and talked with many of them personally. There were many letters waiting on my desk when I returned expressing disappointment because nothing had been done in the Budget to curb the increasing cost of living which is presenting such a serious and real problem to the average Canadian.

I have also received, as I am sure members of the government including the Minister of Finance (Mr. Sharp) have, many letters from those unfortunate people who are caught in the cost-price squeeze, people who live on fixed incomes, old age pensioners, for example, for whom no relief is in sight. It disturbed me that there was nothing specifically laid out in the Budget to help solve their serious problem.

[Mr. Nicholson.]

At the same time I was disturbed that there appeared to be a lack of proposals to increase the supply of doctors and medical schools in the light of suggestions for a medical care plan applicable to this great country of ours. This situation has prompted me to offer some advice to the government, possibly gratuitous, with regard to a field about which I believe I have some slight knowledge, that is to say, the education and training of doctors and, in particular, of general practitioners, and to suggest means by which we can make use of existing facilities to train more doctors without incurring tremendous expenditures. I consider the present shortage of doctors to be a serious problem. The national need for physicians, particularly for general practitioners, is increasing daily. Along with the necessity to satisfy this need comes something which is just as important—the responsibility of the government as well as of the profession to see that a high quality of medical care continues even as the ranks are thinned. I should like to direct my remarks specifically to the general practitioner, the so-called family doctor, and refer briefly by way of background to his status among his fellows, his opportunities or lack of them, his continuing education and his role in the health team of today.

Perhaps it would be wise first to place this problem in its proper perspective. It is difficult for most of us to realize the immense advances which have been made in medical science as well as in the other sciences in the past half century. In the area of organization and quality control of medicine it was only in 1910 that the Flexner Report made its impact on the United States and Canada, and only in 1912 that Sir Thomas Ruddick fathered the Canada Medical Act, one of the first attempts at organization and quality control of the practice of medicine. It was as recently as 1929 that the Royal College of Physicians and Surgeons of Canada was formed to help organize the specialists who were springing up as a result of the advances of the day.

However, with these changes in the organization of medicine came the trickle that became a stream and the stream that became a torrent of advances in medical knowledge. Dr. Raymond Keating, professor of medicine at the Mayo Clinic post-graduate school, pointed out the remarkable fact that 90 per cent of all advances in scientific knowledge, including medical science, have taken place during the past ten years by scientists living

at the present time. This avalanche of advances has had a profound and lasting effect on medical practice.

As I mentioned before, specialists within medicine were created, five main ones at first and 24 sub-specialties. This was a very necessary and important development in view of the amount of knowledge which was so vast that no one man could grasp more than a small amount of it. This, of course, had other effects. The conscientious family doctor has striven mightily to keep up but has found himself swallowed up in this avalanche, his status and duties becoming more attenuated as the years went by.

The public too have become confused. Surrounded by these advances and anxious to seek the very best care available, they have in many instances sought out specialists directly for medical care, services that few if any specialists have the training and experience to provide.

The medical schools too have undergone a change. Whereas they used to educate doctors for general practice, they now aim to produce what they term a basic undifferentiated doctor. After graduation it is easy for specialist training to be obtained in excellent schools throughout the world, but this does not hold true for general practitioners, although very recently attempts have been made to correct this gap in their continuing education. Little, if any, initiative has been taken by the medical schools to come to grips with the problem.

It is true that brief post-graduate courses are held in an ostensible attempt to continue the education of the general practitioner but these are little more than sounding boards for the lecturers involved. A few of the more enlightened universities have included general practitioners on their faculties, albeit in the lowly positions, but even these attempts have been half-hearted and would seem intended more to quiet the agitated general practitioner than to elevate his intellect. The result of this has been that since our medical knowledge has a half life of ten years or, to put it another way, one half of one's knowledge is replaced by new knowledge in ten years time, specialists have become better with all the facilities available to them. Meanwhile, however, the general practitioner has become in the eyes of his peers a second-class doctor or, in that faintly contemptuous phrase, "only a general practitioner".

Despite all this, the family doctor of today is better trained than he has ever been, and with the facilities he has at hand he is better able now to diagnose and treat disease than he has ever been. The dedicated general practitioner works harder on the average for longer hours and for much less pay than the great majority of his specialist colleagues. This is something I should like the government to take a close look at if they wish to maintain a high level of medical care as they develop schemes for medical care across this country.

• (5:20 p.m.)

The lack of continuing training for the family doctor has resulted in the gradual closing of hospitals. I do not mean the closing of beds or of front doors; I mean in the medical sense of restricting those who are admitted to hospital staffs. I mean the limiting and restricting of privileges of general practitioners who by some stroke of fate are still allowed to practice in the precincts of a particular hospital. In Britain we have the ultimate result of family doctors practising completely apart from the hospitals, becoming office and home doctors with no opportunity to practise continuing care for their patients. This was clearly pointed out at the first international conference of Colleges of General Practice, which was held in Canada at the behest of our College of General Practice in 1964. At that conference general practitioners from Britain and other countries which have followed this same type of practice very clearly pointed out the trend.

In many areas of our own country the general practitioner is still allowed to practise within his competence in our hospitals but every day more and more these privileges are being whittled away. In the university centres, except for the few enlightened ones —they are few, I can assure you—such as the University of Alberta, at Calgary, the University of Western Ontario at London, and Dalhousie in Halifax, except for those which have pilot projects coming up this year the general practitioner is being squeezed out of hospital work under the guise that his continuance would only lower the standards of medical care.

By some strange process of reasoning the majority of our medical educators today seem to believe that you can elevate the standards of medical care by excluding almost totally from the centres of learning those who look after between 85 per cent and 90 per cent of

the health care of Canada. They do this without seeing what is obvious to me, that by free association with the very best in medical care, by rubbing shoulders and practising alongside those who represent the finest in specialist care, and by having their work scrutinized by these same people, our standards of care could not help but rise to meet and face the challenge that would be their's. This is something that our medical educators do not seem to understand.

We hear the pious platitudes of these same educators who say, and I have heard them, that their primary purpose is to train general practitioners because we have such a need of them and because we shall need more and more of them due to all the medical care programs that are coming along. They say this publicly but at the same time they do their utmost to downgrade the work of the family doctor and expose the medical student to a totally specialist or fragmented atmosphere where the patient becomes lost in the shuffle and becomes an interesting case rather than a human being afflicted with disease.

Hospitals even outside the university setting are becoming increasingly departmentalized and with this the privileges of the general practitioner on staff are becoming increasingly restricted, even in areas of already demonstrated competence.

There is no question in my mind that those who perpetuate this state of affairs are sincere in their objectives, but there is also no question in my mind that they are very wrong in what they seek to achieve. They are not entirely to blame. The general practitioner himself has become so used to being a second-class medical citizen that in many instances he has given in and has watched his privileges being whittled away without a murmur.

Others, however, in the general practitioner group, with the encouragement of some of the more enlightened specialists, have tried to break through the indifference that has settled on general practice. In 1954 they set up the College of General Practice of Canada with the objectives of stimulating postgraduate training, research and teaching in their chosen field. This college was incorporated in 1960 and has as its motto, "In education lies our strength." This group certainly recognizes the necessity of doing something now to try to produce more general practitioners to meet the needs in Canada today.

[Mr. Brand.]

I should like to quote briefly, if I may, Dr. Rice who is executive director of the College of General Practice of Canada.

> Is it not paradoxical in the presence of a demonstrated need for more family doctors, to have a decline in the number of general practitioners who are leaving practice for other endeavours, and in the numbers of newly-graduated doctors entering general practice as a career? Why has this situation developed? To those who study this problem, the answer is obvious and should surprise no one. Simply, we—

By "we" he means the general practitioners as well as the medical professors.

> —have not kept pace with present community needs. We have failed to keep up to date by adapting the present day pattern of general practice to meet these needs, and more seriously we have given up training medical students as family doctors. We have permitted a situation to develop where general practice has been allowed to become in the eyes of many, and in particular in the eyes of the medical student, that which remains in the practice of medicine once the specialities have been extracted from it.
>
> We have permitted the general practice of medicine to become increasingly unattractive by allowing it to become a way of life which is more restrictive in its scope, more demanding in terms of time, lacking in recognition and prestige, and less remunerative in its monetary return.

The College of General Practice has gone ahead and set up these post-graduate programs. I have mentioned three universities where this year residencies in general practice will be going into effect to help improve the standard of general practice in Canada, and it needs to be improved. It was this same college which commissioned Dr. Kenneth Clute, a specialist from Toronto, to do a study on the general practitioner, to do it without fear or bias and see what was wrong with the profession in Canada and what could be done about it. These residencies I have mentioned are training programs which are being set up and they are a step in the right direction. But the point is that the College of General Practice is still going to be stymied in its ultimate objective unless we awaken our medical schools and make them realize that they must integrate fully into their curriculums the general practice of medicine.

It is no longer good enough for them to say that this cannot be done. Such arrogance can only hurt the practice of medicine in the future. They must recognize that they have a direct responsibility and be willing to act on this responsibility. You can give medical schools as much money as you want, but until they change the manner in which they are training their doctors you are not going to

maintain the standard of medical care or increase the number of doctors who are going to be needed in future years.

Hospitals too must realize that it is no longer good enough to departmentalize into departments of medicine or surgery, or what have you, or clinical departments where patients are treated and then, in order to keep the family doctor from making too much fuss, allow a general practice department which is not in the least bit clinical, which is merely a paper thing where you have a meeting once a year to satisfy some administrative thinking. This does away with the continuing education of general practitioners. It does nothing to boost the sinking morale of the family doctor. It just keeps him from raising too much fuss at the local medical meetings.

With the prospective need for doctors in our country it is up to the government to give direction to the medical schools and to hospitals to encourage the continuing education of the general practitioner and help break down the ivory tower bastions that have been set up in so many of our medical schools. We can turn out more doctors without building too many more medical schools. We have countless community hospitals ready and available now in which the integrated training of doctors can be carried out in co-operation with our medical faculties. What we need are medical teachers. We need more teachers and facilities to train medical teachers.

• (5:30 p.m.)

We need more teachers not only in the specialties but teachers in the general practice of medicine, the only practice which looks at the patient as a whole patient rather than just a part. This is the segment of the practice of medicine that is so necessary for the preservation of the human being and human dignity in the presence of disease.

In summary, Mr. Speaker, it will seem quite obvious to everyone that I am somewhat partisan in my remarks, but I think it is high time someone took to task those medical educators and specialists who are so insular in their approach that they consider the average family doctor as someone to be tolerated only and never totally accepted in the great society of Hippocrates.

We need more doctors, primarily family doctors, and unless we change our attitude and integrate general practice into medical schools and hospitals the trend already started, where 60 per cent or more of our medical students go directly into the specialist fields, will continue whereas the reverse used to be true. Closed hospitals, limited and restricted privileges and other terms like these should be abolished. In their place should come practices related directly to one's training and one's competence.

In conclusion may I say that the general practitioner agrees with Maimonides in his "Daily Prayer of a Physician":

> May there never develop in me the notion that my education is complete, but give me strength and leisure and zeal continually to enlarge my knowledge.

On that note may I make a plea to the government to look very carefully at the problem of medical education. This is something that cannot be swept under the rug in the hope that as a result of establishing a medicare plan it will be solved. This problem will not be solved in this way. We need direction and help from the government and I ask the government to look seriously at this problem to see what can be done to improve the lot of the largest number by far of men educated in the medical profession today.

Mr. David Lewis (York South): Mr. Speaker, in view of the general rate of growth of the economy in Canada I wish it were possible to say nice things about the Budget and, more particularly, about the Budget speech, but I do not think that is possible for any objective person studying the social and economic conditions of our country today.

When I read and re-read the minister's speech in introduction of his Budget I came to the conclusion that this Budget decrees that the poor shall, indeed must, always be with us. In his speech the minister bemoaned the fact that inflation hurts the poor the most, and he was right. Rising consumer costs certainly hurt people on low or fixed incomes most of all. But the minister says in effect, we cannot do anything or we can do very little for the poor precisely because of the inflation which hurts them. To me this is not only a vicious circle but a declaration of moral and social bankruptcy on the part of the minister and the government for which he speaks, and indeed of the entire social and economic establishment in Canada.

So is another lamentable implication of the minister's speech, and I challenge him to show where at any place in my general analysis of his words there is an illogical point. His analysis of the economic situation alleges that the reason for the inflationary

pressures, as he insisted throughout his speech, is the fact that we are using our productive capacities to the full or almost to the full.

What does that mean? It means that the minister boasts of our expansion and prosperity and then concludes that he can do nothing substantial for the poor of Canada. I say to him and to you, sir, that there are only two alternative implications to be drawn from this kind of analysis of our economic situation. The first is that we can do more for the poor when we are experiencing a recession, when we do not have inflationary pressures. That is an obvious piece of arrant and cynical nonsense. Or, alternatively, the implication in the minister's analysis is that we can never eliminate poverty in Canada; we cannot do it in times of recession because we do not have enough and we cannot do it adequately in times of prosperity because we have too much.

That is precisely what the minister says in his Budget speech to the poor of this country, and I have no doubt that he will deny any such implications in his speech.

Mr. Sharp: I do.

Mr. Lewis: I was sure that the minister would deny it, but I say to him in all seriousness, because I think this is the basis of the discussion that ought to take place in this parliament and in our country, that whether he denies these implications or not, indeed, whether he intends them or not, they are the only conclusions that can be drawn from the totality of his presentation. Otherwise he would have said to this parliament and to the country that it is precisely because we have such expansion in our economy, and precisely because we are experiencing a period of continued prosperity, that this is the time when the government will take all necessary measures to eliminate poverty.

Furthermore, I say to you that the blind approach which the minister and his government have taken to the social purposes of our economic activity has shown one thing that has always annoyed me beyond words, and that is the ease with which economic experts and ministers of finance point to indices of prosperity and rates of growth, always ignoring the one basis for that growth and that is its social purpose.

Some hon. Members: Hear, hear.

Mr. Lewis: Let me say I am not concerned with economic growth, nor is anyone in my party, nor should anyone in this house be, if the results of that growth are concentrated in the hands of those who already have too much. That is exactly what has been happening in this country. It is only this blind approach to the social purpose of our economic activity that could have led the minister and his government to commit such a regrettable and repellent hoax on the low income groups as that contained in the minister's manipulations of the income tax provisions.

The minister went into a long song and dance about the fact that even though inflation required him to take back the tax reduction which was made a year ago, or most of it, he was not going to touch the poor people and he was going to make their lot better. After this self-righteous speech, if you look at the tables that he himself included in his budget speech, what do you find? You find that this tremendous generosity on the part of the minister will result in a reduction in taxes for a single person who earns $1,500 a year of $4 per year.

Mr. Sharp: How much tax did he pay?

Mr. Lewis: That does not matter and it is not relevant.

Mr. Sharp: I think it is.

Mr. Lewis: The minister says it is relevant and I say it is not relevant, and that proves my point. If these people were unable to pay bigger taxes before it was the fault of the minister and his government because they were not able to earn more money to pay more taxes.

The point with which I am concerned is the ease with which the minister is able to salve his conscience by saying, I am helping the poor. What does this help consist of? It consists of $4 per year for a single man earning $1,500, 33 cents per month or 7½ cents per week.

• (5:40 p.m.)

Mr. Sharp: How much did they pay in taxes?

Mr. Lewis: The minister has already asked that question and I think I have answered him. I say to him in further answer that he might have been more generous to the people of Canada and more appreciative of their need and would have shown a much more sincere feeling for the poor had he increased old age pensions and established a floor in respect of income instead of perpetrating this

insincere hoax which gives a single man $4 per year, 33 cents per month or 7½ cents per week, this hoax which gives a married man without dependants earning $2,500 per year $4 per year, 33 cents per month or 7½ cents per week. To the married person with two children earning $3,000 a year he gives 5½ cents a week, to the $3,500 a year man, 17 cents a week, to the $4,000 a year man, 9½ cents a week. This is the generosity he shows to the poor of Canada. My point is not that he was doing anything completely wrong in reducing taxes for these people; it is that he should have reduced them substantially more. I am making the point that the entire policies should have been directed toward raising the living standards of all the people who pay such low taxes and a third of the people who do not pay any taxes at all.

Despite this, Mr. Speaker, if you look into the record you find that over a year ago, in the 1965 Throne Speech, the government declared a war on poverty; indeed, the Prime Minister (Mr. Pearson) talked about it before the Throne Speech. On April 5, 1965, His Excellency the Governor General read some stirring and ringing words. Some of them are worth recalling. The Throne Speech said:

> All the great potentialities of our economy are not, however, being realized. The talents of some of our people are wasted because of poverty, illness, inadequate education and training, inequality in opportunities for work.

I pause here to say that at least the Prime Minister and the government realize that these conditions, which some of us have been drawing to their attention for decades, do in fact exist. The Throne Speech went on to say:

> To combat these problems, to improve the opportunities of people who are now at a disadvantage, is to put new power into economic expansion and to enhance the unity of our country.

I applaud that sentiment. Who would not? Everyone in Canada applauded that statement because increasingly we are becoming aware of these things. What are we talking about when we speak of poverty in Canada?

I want to spend a few minutes outlining the elements of poverty directly from a publication of the Special Planning Secretariat that the Prime Minister set up. These figures are contained in a publication called "Meeting Poverty—Profile of Poverty in Canada." The first few pages of this publication contain a summary of the findings of the secretariat. Here you find some really distressing facts which ought to have found their way into the Budget or at least into the Budget speech.

You find that in Canada— and this is what we are talking about when we speak of poverty— at the census of 1961 some 23 per cent of Canadian families had an income of less than $3,000 a year. This figure of $3,000 is the line drawn by welfare counsellors and sociologists as the floor for a half-decent standard of living for a family with children. As I say, 23 per cent, one out of every four of our Canadian families, had an income of less than $3,000 a year. In addition some 700,000 single persons made less than $1,500 a year. If you add these numbers together you have some four million Canadians or more than 25 per cent of our people, who are members of families or are single, below the line of income required for a half-decent standard of living. One out of every four Canadians is in that situation.

With regard to families headed by women, says this report, more than half—not 23 per cent but more than half—had incomes of less than $3,000 a year and about two-fifths or 40 per cent of them lived on less than $2,000 a year. If you consider the situation with regard to fishermen, logging and farm workers, you find that three out of five families of fishermen, which is 60 per cent, and every second family of logging and farm workers, which is 50 per cent, and one third of our labourers, which is 33⅓ per cent, had incomes below $3,000 a year. This is the extent of existing and continuing poverty in Canada. This situation is even more striking if you analyse it in some of its various aspects.

In early pages of the same report you find that the unemployment rate among workers under 20 years of age is more than double the national average. Note that this applies to people under 20 years of age, which is precisely the age when we should develop young Canadians into having an appreciation of their country and a desire to make a contribution to it. Yet their unemployment rate is more than double the national average.

Furthermore, Mr. Speaker, we think of Canada as a country of widespread education. But note this. In 1961, says this report—I am not quoting it but am citing figures from it—of Canadians aged 15 and over there were 5,166,346, or 47 per cent, with no more than elementary schooling. I draw to the attention of the house this figure of 47 per cent of those aged 15 and over who in 1961 had only elementary schooling. These included 176,524 with no schooling at all, and a figure as high as 848,261 with schooling of four grades or

less. These conditions are found in an affluent, expanding economy. These are the facts about the situation in Canada today.

When you come to the aged people, which is the next most helpless group, you find that 21 per cent of Canadians aged 65 to 69 consistently receive old age assistance. That is, almost one out of every four persons aged 65 to 69 receives old age assistance. The median annual income for men in their late 60's is $2,000, $1,500 in their early 70's, and $900 in their late 80's, if they live that long. As they become older, in need of greater income, as their health fails, as they become more helpless, their income is reduced from $2,000 in the late 60's to $900 in the late 80's. How more inhuman and thoughtless can a society be than one which treats its old people this way?

If you look at health, which is the next criterion in the realm of poverty, you find this statement at page 5 of the report:

> Low income groups receive less health care than higher income groups, although they suffer from more illnesses in general and their illnesses tend to be more severe.

In housing you find the same story. You find that among families earning $6,000 and over in 1961, only 18 per cent lived in dwellings providing less than a room per person. But among families earning less than $3,000 this proportion was 35 per cent. They also lived, in significant measure, in houses infested with rats and vermin, houses in need of major repair and unfit for any human being to dwell in. This is what we are speaking about when we talk of poverty.

The Canadian Welfare Council prepared a report for the conference on poverty last December. For the purposes of this report they carried out a survey of families in four Canadian cities. In their report the Canadian Welfare Council "painted a bleak picture of poverty among city dwellers". They found that the median income per person for the families studied in Saint John, New Brunswick, and Montreal was $34 a month; in Toronto it was $44 a month and in Vancouver it was $53 a month.

• (5:50 p.m.)

The majority had less than grade 8 education, insufficient to enable them to get better or more permanent jobs or even to take part in retraining courses. The report stated that housing is a source of deep anxiety for the poor. Few own their own houses and rents are high. Food and rent consume almost 70 per cent of all incomes.

Then there is this sentence in the report:

> Sharing the house with rats and other vermin does not give people a sense of their own worth or a wish to be part of the community. Nevertheless, most do want to be part of their neighbourhood and do not want to move away even from these tenuous connections.

The Canadian Welfare Council also stated in a report on rural poverty that Canada's rural poor subsist in some areas on incomes as low as $11.71 per person per month. These are the facts about the Canadian people. I repeat that we are dealing with somewhere between 25 and 30 per cent of Canadians. These are the facts which the minister had before him when he was preparing the Budget.

There is no word in the Budget about the war on poverty. There is nothing to suggest that there are steps being taken that are adequate at the present time. This so-called war on poverty is a paper war. There is not a day but I find on my desk some press release from the Minister of Forestry (Mr. Sauvé) about some kind of pilot project which has been established in some part of some province of Canada. By this time I think the minister ought to have enough pilots to get himself at least one ship that knows where it is going and how to get there.

Mr. Sharp: May I ask the hon. member a question? If I had filled my Budget speech with already announced policies of the government, would he not now be accusing me of having padded it?

Mr. Lewis: No, I would not. I would have been delighted if he had been able to find government policies with which to fill his speech. I would have been delighted to listen to a list of government policies to deal effectively with this problem in Canada. Let him not hide behind other government promises. As Minister of Finance, and I shall come to this in a moment if I can, he had certain steps to take with relation to taxes; he had certain steps to take with relation to monetary policy; he had certain steps to take with relation to the fiscal field generally.

He could have taken these steps if he had not been completely blind to the real needs of Canada and if he had not taken off on the usual course of the big business fraternity in this country. All of these factors to which I have referred persist today, as they did in 1961. Of course I agree, as anyone with any sense of integrity at all would agree, that some of the problems will require time to be solved. They cannot be solved by the wave of

a wand or the snapping of somebody's fingers. Certainly it takes time to retrain; it takes time to replace illiteracy with some education; it takes time to have industry that will absorb such people. However, precisely because it takes time, Mr. Speaker, and I cannot help but become angered by this kind of excuse from the other side, the longer you delay the start the longer it will take to find a solution and the longer these people will continue to suffer. The start that has been made is a picayune and pusillanimous one which does not even approach the problems with which we are faced. Hence the sub-amendment moved by the hon. member for Nanaimo-Cowichan-The Islands, because as one expert in the United States said some time ago, and I do not recall his name, many people forget the simple proposition that the poor need income. It is as simple as that.

It is for this reason we say in our sub-amendment that people who make as little as $1,500, if they are single, ought not to pay any income tax, and married people, with a family, making only $3,000 ought not to pay any income tax. We ought to begin now to build a guaranteed floor under income for every Canadian in every part of the country. There is no other way in which you can get people out of their poverty except by providing them now with the necessary income to live like decent human beings in self-respect and dignity. Then their attitude will change. Then, and then only, will it become possible to retrain them, to educate them, to make them more productive citizens of our community.

The point is, Mr. Speaker, that in order to do this the Minister of Finance would have had to bring in a Budget which made some drastic and radical redistribution of income from those who have too much to those who have nothing or too little. It is this refusal to recognize the need for using monetary and fiscal policy to redistribute income, including in this case the taking of more power into the hands of the government, that leads the minister to present a Budget which contains relatively nothing at all. If he had had any less, he could not even have made a speech about it, let alone call it a Budget.

The minister is anxious and concerned about inflation. He is so concerned about it that he makes an elementary error in economics unless what I studied in economics in two universities was completely wasted on me. As reported on page 3380 of *Hansard* the minister stated that there would be an increase of rather more than 9 per cent in the gross national product in 1966. Of this, a little more than 5 per cent would be in volume and 4 per cent in price. Then he says:

> That is the prediction my advisers made without taking into account any of the proposals that I shall make subsequently. Part of the expected price increase is attributable directly to contributions under the Canada and Quebec Pension Plans and to the recently announced increase in the Ontario provincial sales tax, both of which reflect improvements in public and social services.

There may be some element of validity in the reference to the Ontario provincial sales tax, which is in the short run handed over to the consumer in the form of higher prices. But surely it is sheer nonsense to talk about contributions under the Canada and Quebec Pension Plans as being inflationary. Surely they are the opposite. Surely they are just as much a tax as any other tax, and are deflationary rather than inflationary.

Mr. Sharp: I am sure the hon. gentleman wants to be fair. I did not say they were inflationary; I said they were the cause of some of the increase in prices.

Mr. Lewis: The minister is either playing on words now or he was playing on words in his Budget speech.

Mr. Sharp: I was being exactly accurate in the Budget speech.

Mr. Lewis: No, in the Budget speech the minister dealt with increases in price as being synonymous with inflation.

Mr. Sharp: No, I did not.

Mr. Lewis: Yes, the minister did. In any case, even the statement that they put pressure on prices is an exceedingly questionable one for anyone to make in this house or elsewhere.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Trois-Rivières (Mr. Mongrain)—Trois-Rivières—possible closing of elevators; the hon. member for Vancouver-Burrard (Mr. Basford)—External Affairs—India—request that further aid be given; the

hon. member for Queens (Mr. Macquarrie)—Transport—Prince Edward Island causeway—application of stretch-out policy.

Mr. Lewis: Mr. Speaker, may I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith, and the amendment to the amendment of Mr. Cameron (Nanaimo-Cowichan-The Islands).

Mr. Lewis: Mr. Speaker, at the dinner recess I was dealing with the minister's erroneous statement, to be found at page 3380 of *Hansard* that the contributions to the federal and Quebec pension plans will be directly responsible for part of the price increase he expects in the future. I want to make clear that I did not refer to what I think is an error merely to introduce a minor technical argument, but because it seemed to me to indicate an approach typical of conservative economic thinking which seeks to tarnish the value of welfare measures such as old age pension plans.

Every member of this house is concerned with increased prices. Last year there was an increase of 3.5 per cent. After making long dissertations about the action he was going to take to stop this inflation, the minister ended up by telling us that he hoped—he could not guarantee it obviously—that the expected increase of 4 per cent in the consumer price index might be reduced to 3.5 per cent. After all the effort he expended and all the words he threw at this parliament and the country, he ended up by reducing the inflationary percentage from 4 per cent to 3.5 per cent.

Three point five per cent last year and 3.5 per cent this year will be a 7 per cent increase in the cost of living in two years. This will be disastrous for industrial and agricultural workers generally and those on low and fixed incomes such as old age pensioners, in particular.

[Mr. Deputy Speaker.]

What causes these terrible increases in prices, Mr. Speaker? Did the minister bother to ask himself whether they were justified by cost increases or by other genuine and legitimate factors of the market? Should we not find out whether they were justified? Before putting on the brakes, or taking the foot off the pedal, or whatever simile the minister wants to use, should he not have satisfied himself that the price increases came from justifiable economic pressures? I can look only at the available data, and the available data I want to deal with first are the profit increases as compared to the price increases.

It is true that we have had an overall price increase of 3.5 per cent. The largest increase is the rise in food prices. As my hon. friend from Nanaimo-Cowichan-The Islands (Mr. Cameron) pointed out, and as the Canadian Economic Council also pointed out, that was mainly the result of shortages in meat products, fruit and vegetables in the United States.

However, if you look at what happened to profits in the year 1965 you really find an astonishing result. There was an increase in the profits in all industries, as can be seen from a study of any of the publications dealing with this matter, of 13.5 per cent in 1965 over 1964. That was already on top of an increase of 14.6 per cent in 1964 over 1963, which again was on top of an increase of 6.6 per cent in 1963 over 1962, and of 9 per cent in 1962 over 1961.

One might say that 1961 was the year in which the upward curve of the economic cycle started, and therefore you would expect a somewhat higher rate of profit increase to result in 1962; but there is no excuse, other than sheer profiteering, for an increase of 14.6 per cent in 1964 over 1963 and an increase of 13.5 per cent in 1965 over 1964. If you take the five years from 1961 to 1965, the total percentage increase in profits in that period for all industries is 51 per cent.

I was particularly interested to look at the profits in the food and beverages industry, from which some of the particularly large increases in the consumer price index come. I found that in the food and beverages industry there was an increase in profit of 18.5 per cent in 1965 as compared with 1964, which is 5 per cent more than the average increase for all industries in Canada. This is where the price increases on food come from—profiteering by food processing and food packing companies.

Taking the five year period 1961-65 there was an increase of 43 per cent in the profits in the food processing and packing industries. The same thing applies to retail trade profits, which show an increase of 20 per cent in 1965 over 1964.

When the subject of profits is referred to in this house, and also outside the house, somebody immediately raises the question: How about wages? Well, how about wages? If a similar calculation is made with respect to wages—I am referring to total labour income, which includes salaries, wages and other sources of labour income—you find that the increase in 1965 as compared with 1964 was only 11 per cent, as against 13.5 per cent increase in profits. In 1964 it was 8.7 per cent over 1963, compared with 14.6 per cent for profits.

Mr. Speaker: Order. I regret I have to interrupt the hon. member but his time has expired, unless, of course, he is given additional time by the house.

Some hon. Members: Agreed.

Mr. Lewis: Mr. Speaker, I thank hon. members and I hope I will not be too long in completing my remarks.

An hon. Member: We do have a time limit.

Mr. Lewis: No time limit was set. I do not intend to take advantage of my extension, but I do intend to take enough time to enable me to complete my remarks. I was saying, Mr. Speaker, that if you look at wage increases you will find that only in 1963 compared with 1962 was the percentage wage increase, 6.7 per cent, about the same as the profit increase for that period, namely 6.6 per cent.

Because of the kind of propaganda I have often heard both in this house and outside, I should underline that the important thing when you look at these figures is to realize that they are figures for total labour income. If you look at wages only you will find an increase in 1965 over 1964 of only 5.2 per cent, as compared with the figure of 11 per cent representing the increase in total labour income.

Wages of industrial workers alone—wages which are said to affect prices—increased in 1965, compared with 1964, by only 5.2 per cent. In the manufacturing part of the industrial complex, which of course is the major part as far as value of production is concerned, the increase in 1965 over 1964 was only 4.9 per cent. Remember too, Mr. Speaker—and I underline this—that these statistics are based on surveys of firms which employ 15 employees or more, they do not cover firms which employ less than 15 employees.

• (8:10 p.m.)

It is a well established economic fact that the smaller the firm, generally speaking, the smaller the wage rate, and therefore the smaller the wage earnings of the workers. There are exceptions to this, of course, but generally speaking that has been established in economic history. If you take the workers in smaller establishments, particularly in manufacturing industries, the likelihood is that you would find a picture that is worse than the one that has already been given.

Aside altogether from these percentages, Mr. Speaker, the fact is that after you have dealt with all these increases in wages you still have an average weekly wage in Canada, in the industrial composite, of $91.18. That is in Canada as a whole. That is the average. This is not a high wage today, and anyone has the right to complain if he has a family in modern Canada, in 1966, if he is earning that. That is only a total annual income of approximately $4,500, or less, which is about 50 per cent above the poverty line of $3,000 a year which we discussed earlier.

Mr. Vincent: What about the farmers now?

Mr. Lewis: When you come to the farmers the statistics for their earnings are made up in a different way. While the increase in food prices has been the most substantial part of the total price increase, as far as I have been able to ascertain from my studies of the situation, it is not the farmer who has received that increase: it is the middle organization, the corporation that packs and processes the farmer's product, that has had the advantage of this increase in price.

The hon. member for Nanaimo-Cowichan-The Islands proposed on behalf of this party the subamendment to which I referred earlier and which will be voted on later. It was because of the thinking involved in it that my leader earlier in this session proposed a prices review board to investigate price increases in order to find out whether they are justified.

What the minister should have done, before he condemned the lower economic areas of this country to at least another year of stagnation, before he condemned the people in poverty in this country to continue in their

poverty, is this: He should have satisfied himself how much of the increase in prices is due to administered prices; how much of that increase is due to monopolistic greed; how much is due to a deliberate policy by the corporations to get as much money as the traffic will bear. In short, how much of that increase in prices is due to sheer conscienceless profiteering?

If this is the reason for much of the increase in prices, as I am personally convinced it is, the remedy is not to condemn millions of Canadians to continue living in poverty. The remedy is to take a number of new, brave, logical steps to stop this profiteering, rather than to condemn poor people to continue being poor.

But the minister in his budget was very tender to the corporations. When he imposed a 5 per cent tax on them, he made it refundable. The corporations will pay this refundable tax in monthly instalments over a period of 18 months. At the end of that time, for the following 18 months, he will return it to them with 5 per cent interest.

I was struck by the comparison between the personal income tax, which the minister said, and I am using his figures, meant a total annual addition to revenue of $210 million, none of that being returned to the taxpayer, and this 5 per cent refundable tax which will bring about $250 million a year, but which is to be returned to the corporations with interest. What an eloquent contrast there is in the minister's treatment of the workers and middle class people of this country who pay most of the $210 million that he is going to get in additional money and the way he treats the corporations.

From the corporations he takes this refundable tax in a measure which is just about as useless, and I say that, choosing my words carefully, as anything of which a serious economist could possibly conceive. The $250 million involved in this 5 per cent refundable tax, amounts to about 2 per cent of the total projected investment by private corporations. And, Mr. Speaker, I see no reason in the world why these corporations should not pay the 5 per cent refundable tax into the minister's treasury and invest exactly the same amount as they intended to invest. These corporations never invest the last of their pennies. They always have resources in their undistributed reserves, or from borrowing, if that is what they intended to do. Giving the minister money at 5 per cent, money which in 18 months or 24 months they will get back, is not a bad thing for them. Five per cent is not a bad return, when all you have to do is let the money lie in the minister's pocket.

Therefore this whole gesture is so phony as to be outrageous. The minister said that this is economic planning. With due respect, it is an example of nothingness of the most meaningless kind.

I will not deal with the Swedish system because my hon. friend the hon. member for Nanaimo-Cowichan-The Islands has already done so.

I wish to conclude by very briefly suggesting the following measures which are necessary now: I respectfully say to you, sir, and to all hon. members in this house that this budget underlines as few things have done the need for full and courageous planning of Canada's economy.

The minister talks about the construction boom. He talked about it in most of his speech. Sure, there is one. It does not require an economic genius to know that the boom is primarily due to centennial projects across Canada; to Expo '67, and to all the various projects undertaken all across the country. That there is a boom in other building as well I will not deny. But the great pressures on the construction industry, the more than desirable pressures on that industry are due to the building programs of villages, towns, cities, provinces, and the federal government across Canada, having to do with the centennial. Those pressures will end in 1967 or 1968. There is not a word in the budget of any plan to provide a necessary substitute. There is no shelf of building projects except the few things that the minister has deferred in public construction.

We now need more, and not less, expenditure on area development, in order to equalize opportunities in this country, in the way in which the Speech from the Throne said on April 5, 1965 it should be done. We need the Canadian Development Corporation about which not a word appeared in the Throne Speech, and about which there was not a word in the Budget.

Mr. Sharp: It is in the Throne Speech.

Mr. Lewis: If it is, then I take back what I have said just now. But there is not a word about it in the Budget. And, what is perhaps more important, it is not on the order paper.

Even more significant is the fact that last week end at a Young Liberals Convention one of the senior ministers of the Crown said that he doubted very much whether there

was any value in this development corporation. This was the Minister of Trade and Commerce (Mr. Winters). The Secretary of State for External Affairs (Mr. Martin) later appeared at the convention and read a lecture on how the corporation was very necessary, and that the government will introduce it.

Mr. Sharp: It will.

Mr. Lewis: I am glad to hear it, and I hope that the minister introduces it.

An hon. Member: It is not what you would do.

Mr. Lewis: I am sure it will not be the kind of corporation I would introduce, Mr. Speaker. I am certain that the minister will introduce something similar to the idea that was laid out before us one or two years ago, where 90 per cent of the public corporation was to be in the hands of private corporations. I am sure that in the minister's proposal the government will have very little to do with the policies of this Canadian Development Corporation. Certainly, that is not the kind of proposal that we would introduce. That is not the kind of thing the New Democratic Party had in mind when it proposed, as it did propose years ago, the Canadian Development Fund—long before it appeared in the Throne Speech of this government.

• (8:20 p.m.)

I go on to say, Mr. Speaker, that we need planning to which public investment is tied in as a necessary instrument all down the line. We need to use the Canadian Development Corporation for the purpose of increasing the public sector in the economy in order that the minister may have much greater control than he has now. At the present time, when he says he intends to reduce public spending on construction by 10 per cent he is talking, as I am sure he will agree, about a very small part of total investment in Canada. The effect of such a reduction upon the economy is almost infinitesimal because of the relatively small amount of expenditure in the public sector of the economy. The greater the investment in public hands, the more the steps which the Minister of Finance takes in future years, the greater will be the effect on the economy as a whole.

Mr. Chrétien: What about the constitutional problem?

Mr. Lewis: Of course there is a constitutional problem, but there is still a large area of investment in which the federal government could participate without encountering any constitutional difficulty. And there are still large areas in which the provinces could co-operate with the federal government in public investment if the federal government takes the lead, as we hope it will.

Mr. Sharp: We hope they will.

Mr. Lewis: Let the minister try to give some leadership and see what response is forthcoming—not leadership in words, not leadership in speeches on the floor of the house, not leadership in a Speech from the Throne only, but in terms of actual plans with concrete financial propositions, plans the details of which are laid out in such a way that the provinces will know exactly where they are going; not in such a way as to place added financial burdens on the provinces which they are unable to bear.

I say, briefly, that we need legislation to deal with foreign ownership. The Canadian Development Corporation, or Development Fund, is the only effective way to deal with foreign ownership. Again there is not a word about it in this Budget. I was pleased by the compliment the present Minister of Finance (Mr. Sharp), a very honourable gentleman, paid to the previous minister of finance, another honourable gentleman. Nevertheless, it was significant that despite these honourable exchanges between honourable men—and I note that the former minister of finance paid the present minister the same kind of courteous compliment—the fact is that many of the things which the former minister of finance considered the cornerstone of Canada's economic future have been forgotten by his successor, particularly with regard to the question of foreign ownership.

We need a policy aimed at redistributing income in Canada to give everyone a fair and adequate income. This means the placing of a floor under income. I say, with all the emphasis I can, that if a prosperous time of economic expansion is not the time for taking these steps to improve the quality of life in Canada, I should like to know when the time will be ripe for this kind of action. This is the time to fight poverty, to take steps to eliminate inequalities in Canada as between groups and regions. It is not a time to stand pat as the minister did in his Budget, or to sit complacently as he does now.

[*Translation*]

Mr. Jean-L. Rochon (Laval): Mr. Speaker, allow me to congratulate the previous speaker for his creditable attempt to win us over to his views. But all members of the house realized that the politician gave way to the petty politician, never losing sight of the interest involved: that of his own party.

Mr. Speaker, I do not know exactly how many budgets have been brought down since confederation. A hundred? Perhaps more, perhaps less, because it must be kept in mind that in certain circumstances, twelve months have elapsed without a budget being submitted to the house, as was the case, for instance, during the last year of the administration of our friends opposite, and that some other years, there were more than one, the main budget and the other commonly called the baby budget. Obviously, then, it is difficult to specify, even with all these statistics.

• (8:30 p.m.)

Be that as it may, the bringing down of the budget is always wrapped in mystery. There is in the air an atmosphere of suspense, as it would be called in the film industry, and the other evening, it was surely a good idea to adjourn the house for a little over an hour before the arrival of the Minister of Finance (Mr. Sharp).

Like other government members who spoke previously, I feel duty bound to congratulate him on his masterly report of the situation in Canada; he clearly indicated the soundness of our economy, the leading part played by our country among the great countries of the world; his words gave clear indication that he fully intends, in spite of present difficulties, to hold back the threat of inflation.

He would have liked, as he said himself, and I quote:

> I need hardly say that as a new Minister of Finance I would have preferred the main features of my first Budget to be proposals to reduce taxation. But we can all take satisfaction from the fact that our problems are no longer the problems of overcoming slackness or stagnation but those of managing growth and prosperity. Our task is to sustain the longest economic expansion in Canadian history.

Those words, Mr. Speaker, show what a great Canadian he is, a Canadian who believes in the future of his country, a great Canadian who realizes that, even at the price of sacrifices, there is but one way to follow, which may not be the wide and easy way, the wide way of the easy life, but the more austere one, at least for the time being, of the freely-accepted sacrifice for the well-being of everyone.

Perhaps the hon. members who spoke before me did not emphasize enough, in this budget debate, the remarkable character of what might be termed in sports a real performance. I am simply referring, sir, to the material aspect of the matter.

The Minister of Finance and his collaborators have in fact been working for months to prepare it, he had indicated his intention to present it to the house some time previously. He was ready on time.

He came here with a white paper, a document impressive by its contents as well as by its sincerity, and which, this year, achieved greater dimensions than usual. As customary, copies had been distributed in advance to the press and to leaders or financial critics of the various opposition parties. Moreover, all those documents had also been previously translated in the other language and similarly distributed.

Everything went off without a hitch, as it will be remembered, and it is certainly appropriate to congratulate—which is too seldom done perhaps—all those in the Finance Department, in the Bureau for Translations or elsewhere, who share in that annual operation. There, it seems to me, is an excellent example given to other government departments and more particularly to certain royal commissions which, at times, keep us waiting longer than we would wish for their reports.

There is another phenomenon which occurs every year and it is the foreseeable reaction of the leaders of the opposition parties. That is also part of the ritual.

Sometimes, one can guess or foresee the contents of the budget speech but one also goes wrong at times. On the other hand, it is seldom a mistake to say that whatever happens, opposition critics will never be satisfied. The short interviews they give newspapermen and radio and television reporters as they come out of the house could almost be written in advance. I do not think those should be taken seriously.

Today, they can complain of the deficit and say the government should do more to save the taxpayer's money but who does not recall the postwar years when the minister of finance of the time, Mr. Abbott, used to announce surpluses at times reaching hundreds of millions, but complaints were no fewer. It was said then that no government had the right to ask the taxpayer for one cent more than necessary.

This is not the case today, although the estimated deficit is relatively small compared to total expenditures. After all, an amount of $150 million out of more than $9 billion is an acceptable ratio. It is like borrowing 15 cents to buy something worth $9, when one does not have all the cash needed. Viewed from that angle, the deficit is more acceptable and shows how sound our economy is.

However, if the Minister of Finance had been perfectly free to do everything he wanted—I am thinking of the fixed expenditures he had to meet—I am sure he would have preferred to balance his budget, even announce a surplus which would have helped reduce the national debt.

Everybody becomes an economist the day after the budget is brought down.

Perhaps this was not the case a generation ago, because the influence the government could exercise on the economy was not known then. Things have changed a great deal today, and observing the country's economic situation, it is easy to imagine what one would have done under the circumstances as Minister of Finance. That is why I think the last budget speech did not really surprise anyone. The budget brought down on March 29 was, first of all, an extremely serious and reasonable budget.

Yet the minister was in a difficult situation. At the present time Canada is enjoying great prosperity. Generally speaking, practically every region is in full development. Except for some more or less chronically poverty-stricken areas—which are being looked after, as we know—there are no serious problems in any part of Canada. Unemployment is decreasing, and there is even concern, particularly in the larger cities, about a labour shortage, especially skilled labour.

Money circulates easily and cannot be said to be excessively concentrated in the hands of a few. The measures to stimulate the economy launched with the return to power of the Liberal party have been extremely successful, but at the same time have created problems of a different sort which are just as difficult to solve.

The climate of confidence prevailing in our country gave rise, to use the expression of Claude Ryan in *Le Devoir*, to a thirst for investment. Understandably, under these conditions, with money rolling and investment opportunities multiplying constantly, the demand for consumer goods—for, in the final analysis, the consumer is the one who benefits from this state of affairs—is very great, greater than necessary for a sound national economy.

In saying this, Mr. Speaker, I am not telling anyone anything new. We can all see the rising cost of living. I spoke earlier of buying something for $9. While saying that I was trying to think of something one could buy today for $9.

• (8:40 p.m.)

What amount of groceries does this represent in the local supermarket? Not much. Can clothing for a child be bought for this sum? Perhaps a pair of shoes? But when one has several children, or even just two or three, the money does not stretch very far. In 1910, a young civil servant could live on $600 a year. Today, he begins with a salary seven or eight times higher and he may not live any better, taking into account, of course, the change of circumstances since that distant period, although basically statistics indicate that since the end of World War II the average salary of the workman, for example, has increased more than the cost of living, which proves that the workman does live noticeably better now than he did then.

But this situation will not last forever and if the present trend continues all these advantages may be lost.

This was well understood by the Minister of Finance. This was certainly what the population understood also. In spite of the recriminations of the opposition, it can be said that the budget was well received. I was saying that the day following the budget everyone becomes somewhat of an economist; the average Canadian has perfectly understood this very simple principle that the pressure on prices cannot decrease as long as the amount of money in the hands of the consumers increases constantly. To reduce demand by increasing taxes is to avoid the risk of inflation.

But there is something of an alarming nature and somewhat of a paradox in that. It would be inhuman, in certain cases, to reduce the purchasing power of the taxpayer at a time when the cost of living increases rapidly. "The certain cases" to whom I am referring are the small taxpayers. It is in that light that the serious and complicated document which is the minister's budget speech takes a really human aspect because although it provides for a general increase in personal income tax, it grants the small wage earners real relief.

That is where some reservations could be made. It would be impossible to blame the minister for relieving the small taxpayer who has much more difficulty in finding $100 than the big taxpayer in finding $1,000 to pay his income tax.

I wonder, however, if the minister went far enough in that direction. The maximum amount in that respect is $5,000. Over that amount there is an income tax increase. But, in 1966, even $5,000 is not such a high income. Personally, I think that the minister might have been a little more generous and set at $7,000 the amount over which income tax would have gone up. It would have shown a more realistic view of things, for instance, the price of groceries or children's shoes, about which I spoke a little earlier.

Of course, it would have been necessary in that case to find the money elsewhere or to agree to a higher deficit. The easiest solution would have been, of course, to increase even more the income tax at higher levels. However, I think that would not have been a very good idea. Canadians are now among the most highly taxed people in the world —which is not so hard to understand in a wealthy country like ours—and when getting the money where it is—to speak like some socialists—we must be careful not to kill the goose that lays the golden eggs. An income of $12,000 a year does not allow anyone to live ostentatiously and, in spite of that, the state now claims almost $1,000, that is what it would cost one annually for instance to change one's car. It is quite enough.

Then where can we find the money needed to protect the economy while not increasing too much the already heavy burdens which the taxpayers have to bear? I admit that the answer is not easy to find and that, had I been the Minister of Finance, it is quite likely that I would have done the same thing.

However, while studying the rest of the budget and particularly the refundable tax of 10 per cent on gross profits which will from now on be imposed on corporations, I was reminded that during the war the government of the day whose minister of finance was Mr. Ilsley, adopted a similar policy with regard to the individual taxpayers. At that time, if I am not mistaken, it was called compulsory savings. I wonder if a similar method could not have been used, in spite of the administrative difficulties involved. And so, two birds could have been killed with one stone: decrease the amount of money in circulation, and therefore the demand, without totally depriving the taxpayer of the enjoyment of his money.

There is an idea; it may not be of the brightest, but I wonder if the advisers to the Minister of Finance might not consider it.

The debate on the budget usually gives the opportunity to discuss matters that, in fact, have no direct bearing on it. Members are allowed to introduce local problems that are of particular interest to their ridings. That is why, without taking up too much of the time of the house, and after expressing in general terms what I thought of the seriousness of the speech made by the Minister of Finance, of the wisdom with which he intends to achieve the goal toward which every Canadian should aim: "stop the advance of inflation without making anyone suffer too much," that is why I should like to point out two matters of interest to the riding of Laval I represent here. For many years now, my predecessors and myself have asked for the dredging of the two rivers des Mille-Îles and des Prairies which completely surround Île-Jésus, which became last fall the city of Laval, the second largest and most populated city in the province of Quebec, larger and more populated with its 185,000 inhabitants than the capital of the province, Quebec City.

I should like, Mr. Speaker, to point out once more what this work would mean to our region in economic benefits. The Minister of Transport (Mr. Pickersgill) has understood it so well is so well aware of it, that he said last month, at Ste Rose where he addressed the Thousand Islands Yacht Club, while he was not speaking in an official capacity, that he understood and suggested, as a member of the executive committee, the importance of this work to a city in full progress that will become one of the most beautiful and modern cities of Canada, as can be foreseen from the architects' and town planners' overall plans. These words were from an authority and I wanted to remind you of them, Mr. Speaker. During the discussion of the estimates, I will go further into the idea of the Minister of Transport and I will submit in detail the reports of the government's engineers, those of public works as well as those of transport, who recommend the carrying out of those works for the economic development of the area as well as that of the Montreal region, since a report of the consulting engineers shows that the dredging of the two rivers and the building of dams would raise

the water level in the harbour of Montreal of approximately five feet.

The other matter deals with penitentiary employees, especially the clerks who could be better treated than they are presently. I studied the matter and I know it well since one of the largest penitentiaries of Canada, St. Vincent de Paul, is in my riding of Laval. During discussion of the Solicitor General's estimates, it will show you, Mr. Speaker, that a clerk P-A-5 receives only $4,800 while a grade 2 employee, which is the equivalent of a clerk P-A-5, gets $5,300; that a clerk P-A-3 receives only $4,380 while a guard of comparative grade gets $4,900.

As I say, I shall have the opportunity to come back to it, but in the meantime, I wanted simply to substantiate the claims of this class of employees who are as much in danger as their colleagues, the guards, since in their employment contract they are included in what is called the "reserve". In the case of a riot or any other trouble, they are called on the front line.

In closing, may I say that I am satisfied, as we all are on the government benches, that this year's budget will yield the anticipated results. If the minister succeeds, as he proposes to do, in stabilizing prices while safeguarding the prosperity we now enjoy, he will have deserved well of his country.

• (8:50 p.m.)

[*English*]

Mr. Melvin McQuaid (Kings): Mr. Speaker, in rising to participate in this debate tonight I propose to confine my remarks to one aspect only of the Budget, and that is the matter of dominion-provincial fiscal arrangements. In this connection I want to deal specifically with my own province of Prince Edward Island and try to present to this house as succinctly and as clearly as I can the particular plight of our province and why I think it should receive special recognition in the matter of fiscal assistance from the central government here in Ottawa.

I know—and the figures and statistics that I shall quote later will substantiate my contention—that our province, in its attempt to maintain for its citizens the same sort of provincial and municipal services that Canadians generally enjoy, is confronted with greater difficulties in public finance than any other province in Canada. We must, however, provide our people with the same standards of services that are being enjoyed by people living in other parts of Canada, and we must never forget that a Canadian citizen has certain inalienable rights whether he lives in Prince Edward Island, Ontario or British Columbia; and there can be no justification for having high standards of education, health, welfare and all the well-established functions of government in one part of Canada and pitiably low standards in another. We must deal with the needs of Canadian citizens wherever they may reside, and the federal government must arrive at financial arrangements which will enable each province to furnish to its people a reasonable standard of essential services.

National consideration must therefore be given to the needs of all partners in this great union. The growth and the economic problems of the province of Prince Edward Island must be the concern of every province in Canada. That is why I make this special appeal to the federal government tonight for special recognition in helping us solve these problems. We have strained our resources to the limit, Mr. Speaker, in an attempt to maintain our essential public services at a reasonable level, but we are still not able to establish and maintain national standards because of our inability to raise sufficient revenues from the sources of revenue at our disposal.

Why are these sources of revenue not available to us? They are not available to us for two reasons; first because of our small population, and second because of our low per capita income. Unfortunately, through no fault of our own, we are one of the provinces which has failed to grow in population over the years. We are now only 108,000 people, and since 1951 we have gained only 10 per cent in population. Compare this with the other provinces of Canada. Over that same 15-year period from 1951 to 1965, while we have gained only 10 per cent in population the provinces of Ontario, British Columbia and Alberta have gone up 50 per cent, the Provinces of Quebec and Newfoundland have gone up 40 per cent, and Manitoba, Nova Scotia and New Brunswick have gone up 20 per cent.

Unfortunately, too, our young people are leaving our province in increasing numbers because central Canada affords brighter prospects and opportunities. With their departure the province loses not only the most efficient type of worker but also the progressive ability important to further expansion of industry and enterprise. Unfortunately only the very young and the very old stay with us and, as the Special Senate Committee on Aging

pointed out in its recent report, the proportion of older people in Prince Edward Island is higher than in any other province of Canada—10.4 per cent as compared, for example, with Quebec with only 5.8 per cent.

Our small population is therefore the first reason for the sources of revenue not being available to us, and the second reason—as I mentioned previously—is our low per capita income. According to the latest figures issued by the Dominion Bureau of Statistics, the average weekly wage in Prince Edward Island was $63.56 as compared with the Canadian average of $93.51. In this respect we are the lowest of any province in Canada.

The per capita income of a province, Mr. Speaker, is one very definite measure of its tax potential, and it must be obvious that whenever and wherever personal income levels are low, provincial tax revenues will be comparably low even if special efforts are made to boost revenues by the imposition of additional tax burdens. With reference to the imposition of taxes, taxing authorities must always consider ability to pay in fixing tax rates. With the lowest average weekly wage in Canada, it must be quite apparent that tax revenues are not available to our government.

This low per capita income is also reflected in many other ways. In 1961, for example, the latest year for which Dominion Bureau of Statistics figures are available, life insurance sales in Prince Edward Island were only $1½ million as compared with $4½ million in Newfoundland, $12 million in New Brunswick and $10½ million in Nova Scotia. In 1964 only 126 dwelling units were under construction in our province, as compared with 600 in Newfoundland, 2,038 in New Brunswick and 2,060 in Nova Scotia.

Through no fault of our own, therefore, we are one of the provinces with tax raising potentials inadequate for our needs and we therefore require federal assistance over and above the amounts we are now receiving in order to improve and expand our existing services and at the same time avoid insolvency. From March 31, 1962, to March 31, 1966, a five-year period, our net general expenditures went up by 57 per cent while our net general revenues went up by only 28 per cent. Compare this with some of the other provinces. Newfoundland's revenue, for example, during the same period went up by 50 per cent but its expenditures went up by only 37 per cent; Nova Scotia's revenue went up by 38 per cent and its expenditures rose by only 43 per cent; New Brunswick's revenue went up 44 per cent and its expenditures by only 34 per cent.

How long, I wonder, can that situation continue? How long can we continue to allow expenditures to exceed revenues by such large amounts and at the same time hope to maintain a solvent position? Our people have a deep respect for financial integrity and have demanded in the past that government spending be as commensurate as possible with ability to repay. For this reason successive governments have practised drastic economy in expenditures and have exploited every feasible means of raising provincial revenues. The province has tried to perform its functions with great frugality and economy but there are certain basic essentials which must be provided, and even when these are kept at the lowest possible level they are still high in relation to our small population and low tax potential; consequently the province has been going steadily behind each year.

The net increase in provincial debt for the year ending March 31, 1966, was $6 million, and as of March 31, 1965, the province had a net debt of $44 million plus an indirect debt of $14 million. This, Mr. Speaker, makes a total direct and indirect debt of $58 million, which is not very large when compared with the debt of many of the larger provinces, but when we consider it represents a per capita debt of $537 and that in our province we have not behind the debt the natural resources which are enjoyed by many of the other provinces of Canada, it is very large indeed. From March 31, 1958, to March 31, 1966, for example, revenues including what we received from Ottawa increased from $9,400,000 to $23 million, or almost 150 per cent, while expenditures during the same period increased from $10,800,000 to $30 million, or almost 215 per cent.

• (9:00 p.m.)

These mounting deficits, Mr. Speaker, cannot continue indefinitely, and yet on what is the province able to cut back? Every item of expenditure in the provincial budget can be justified. Even then, our expenditures on essential services are below the standards enjoyed by people in the other provinces of Canada. Let us consider for example the field of education. In 1964, 24 per cent of our provincial revenue was applied to education as against the Canadian average of 30.9 per cent. We are the second lowest province in

Canada with regard to expenditures on education. The average salary of our teachers is only $2,783, the lowest in Canada. In Ontario, for example, the average salary of a teacher is $4,922; in Newfoundland, it is $2,818; in Nova Scotia, $3,504, and in New Brunswick, $3,254.

We have only 124 teachers in our schools today with university degrees. This is the lowest figure in Canada—11 per cent as compared to the Canadian average of 30.4 per cent of teachers with university degrees. We have only one with a doctorate, six with masters, and 117 with bachelor degrees. Teachers are just not remaining in the teaching profession in Prince Edward Island. We have only 75 teachers with 26 years or more experience; 145 with 16 to 25 years experience; 180 with 10 to 15 years experience and 245 with 4 to 9 years experience. Teachers require more advanced training in order to cope with a more advanced curriculum and they consequently, and rightly so, require more pay. Specialization in the teaching profession has become necessary and the small school, staffed with one or two teachers instructing in all subjects, can no longer furnish a sound, basic education for our students. We must not and we will not cut back expenditures on education, thereby neglecting the educational needs of our children. They must have available to them the best educational opportunities that are possible, because this will equip them with the means of making a better living.

An average male, for example, who goes only to grade eight in school will earn in later life an income of $3,526. If he completes high school he will earn $5,493 and if he gets a university degree he will earn $9,188. Can we be expected, therefore, to cut back our expenditure on education to the very definite detriment of our children? I say emphatically no, we cannot and we must not. Our children must have available to them the best educational opportunities that are possible. Equal educational opportunities should be available to all Canadians regardless of the economic circumstances of their province.

The government of our province is attempting to carry out a program of industrial development. However, Mr. Speaker, it has been said very correctly that industry cannot operate or expand in a vacuum. In order to flourish, it requires a friendly climate, one created in part by a broad structure of provincial and municipal services including highways, electric power, hospitals, welfare services and many others. Our expenditures on these items are by no means exorbitant and annual appropriations for the departments of agriculture and fisheries are very moderate. In short, Mr. Speaker, all costs are kept at the barest minimum level and as a result there are certain almost basic essentials which our province is not able to provide for its people, although they are entitled to them and they are being enjoyed by people living in other provinces of Canada.

As I mentioned previously, we have strained our resources to the limit in an attempt to maintain our essential public services at a reasonable level, but we are still not able to establish and maintain national standards. We are, as partners in this great confederation, entitled to enjoy these national standards. Since, through no fault of our own, we are not able to raise the money to provide them, we must receive federal assistance over and above the amounts which we are now receiving. In other words, we must receive a greater share of the taxes which are being paid to the federal government and this should come to us in the form of a special adjustment grant based on fiscal need.

In asking for this, Mr. Speaker, we are only asking for part of what is our own. Let us not forget that the federal tax revenues are the result of the collective effort of all our people. Merely because taxes are paid in one province does not mean that this revenue is necessarily produced in that province. Corporations and individuals in the central provinces, who pay taxes to the federal treasury, in many cases earn their incomes from businesses carried on in all the provinces of Canada.

We in Prince Edward Island have seen other provinces grow richer at our expense. We see every day the best of our youth being attracted to other provinces just as they are entering the period when they might become an asset to us. You will find in almost every part of Canada a great number of persons, born and educated in Prince Edward Island at our expense, who are now holding positions of trust and responsibility in the professional, academic, commercial and industrial fields and contributing by way of taxes to the economic advancement of the province in which they live. We are more than happy that we have been able to make this contribution to the economy of other parts of Canada but we cannot really afford it.

We argue most vehemently, therefore, that we are entitled as of right to a special adjustment grant, the amount of which must be arrived at on the basis of fiscal need and not on the basis of some over-all formula worked out for all the provinces of Canada. Any attempt to meet the needs of Prince Edward Island based on a formula of universal application is doomed to failure. I am convinced that no formula of general application can give realistic recognition to the special financial problems of our province with its relatively low natural resources, its small population and its low per capita income.

In asking for this special treatment, Mr. Speaker, we must not be looked upon as beggars or poor relations, but rather as Canadians who have made and will continue to make a contribution to the development of this great nation. I think it was the hon. member for Burnaby-Coquitlam (Mr. Douglas) who said at one provincial premiers conference in 1960 that we must get away from the idea that the premiers of the provinces come to Ottawa like well dressed, respectable bandits, desirous of breaking into the treasury in spite of the Herculean efforts of the Minister of Finance to retain its pristine purity. As I say, we are entitled as of right to this special adjustment grant.

Ahead of us, Mr. Speaker, lie great and challenging opportunities, but if we are to make the most of them in Prince Edward Island it is essential that we achieve more equitable and satisfactory fiscal arrangements, based on the fundamental principle of fiscal need. This is a situation which demands immediate action so that the people of Prince Edward Island may enjoy the same standards of public service as are being enjoyed by people in other parts of Canada.

I sincerely hope, Mr. Speaker, that our province will not be discriminated against by reason of the fact our people did not elect anybody on the government side of the house at the last election. Such a suggestion has already been thrown out to the people of Prince Edward Island by the leader of the Liberal party in that province. This is what he said just a few days ago, immediately after the provincial election was announced. He said that we must elect a Liberal government in Prince Edward Island because of the deteriorating liaison between the Shaw administration and the federal government at Ottawa, which can only be remedied by a change of government on the island. I hope, Mr. Speaker, some responsible person on the front benches would deny this statement and assure this house and the people of Prince Edward Island we will not be discriminated against by reason of the fact we did not elect anybody on the government side at the November 8 election.

• (9:10 p.m.)

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, at the very outset of my participation to the debate on the budget brought down by the hon. Minister of Finance (Mr. Sharp), I wish to state that his budget disappointed everybody. It was disappointing, discouraging and disgusting. The Canadian people did not expect that type of budget at all, because during the electoral campaign, barely four and a half months ago, the government did not promise that kind of budget, which would literally ignore the old people and children of Canada, our education, and would even fail to present a concrete program for our war against poverty in Canada.

The budget is a disappointment to the whole population, to all classes of society. When one realizes, Mr. Speaker, what this budget means for instance to the small wage earner, worker or farmer—and their name is legion—one can see a taxpayer earning $3,000 a year, who paid $22 in federal income tax before this budget, now pay $20 a year—I am talking here of a married taxpayer, with two children eligible for family allowance that is $2 less per year.

And what of those, Mr. Speaker, who earn less than $3,000 a year, who will not benefit of any tax exemption, who will have to pay sales tax on all kinds of things, on clothes and everything else, sales tax here, manufacturers tax there, taxes here and there and everywhere.

We know they are legion those who still earn less than $3,000 a year. Not so long ago, a member for Montreal was telling me that there are still in his riding, thousands of workers who earn from $1,900 to $2,000 a year. And in a riding where human beings are human beings as everywhere else in Canada, will those people, those workers, have any tax exemptions? Absolutely not. Will they have increased family allowances for their children? No. Will they have higher old age pensions? No. And the Minister of Finance delights in a system of that kind, telling us that our people, our business men will have to put a brake on economic expansion in

Canada; that even the government will have to postpone construction of government buildings and that even the government will have to reduce the rate of growth in Canada.

And, Mr. Speaker, over and above this, we are told that these measures will facilitate borrowing in Europe, that provincial, municipal and federal governments will have easier access to foreign capital as a result of the cancellation of the 15 per cent tax imposed on non-residents in Canada, on Canadian government bond interests. This exemption which came into effect on April 15, that is four days ago, is intended to facilitate the sale of debentures and bonds in the United States and Europe and to allow the three levels of government to get more easily the money required to pay the cost of public services.

In addition to public administrations, hospitals and educational institutions, which will have their bonds guaranteed by the provinces, will also have the same type of exemptions.

The Minister of Finance stated in his budget speech that he does not want to make decisions in this connection on corporate or personal loans before the general revision of the Income Tax Act which will be dealt with in the report of the Carter commission on taxation.

Mr. Speaker, those are points raised by the Minister of Finance in his budget speech.

The government, of which the Minister of Finance is a member, during the election, promised to increase old age pensions. We expected that the government or the Minister of Finance, in his budget speech, would announce an increase to $100 per month in pensions paid to our people aged 60 or over. Nothing doing. They turn a deaf ear when it comes to raising pensions.

As far as family allowances are concerned, the minister knows that they have not changed since 1945, and he also knows that the cost of living has at least tripled in that period of 21 years.

What do the minister and the government do to increase old age pensions according to the cost of living index. Nothing at all. And the government boasts on the hustings that it wages a war against poverty in Canada.

Through its recent budget, the government creates new indigents in Canada and lets poverty work havoc all over our confederation, all over Canada.

Mr. Speaker, by this system, we are now taxing taxes and nobody protests against that. As concerns automobiles, the government takes right away $600 on a $3500 car, which means that the automobile would cost only $2900 without the federal tax.

Not only is a $600 tax levied on a $3500 automobile but provinces are allowed to levy a tax; for instance, the province of Quebec levies a provincial tax of 6 per cent on the federal tax of $600 on a car. This means that in the provinces of Quebec and Ontario, and also in other provinces, we pay $36 as provincial tax on the federal tax, and the federal government says nothing. The provincial government is happy to take its $36.

Nothing is being done to change this system. The Minister of Finance is aware of it. Instead of getting at the financial system, the minister says: stop the economic expansion, stop building air terminals, roads, and developing your country, stop that expansion which could be detrimental to the future of Canada.

Instead of putting forward a program intended to stop or restrict the economic expansion of Canada, the minister should have established clearly a means of distributing our Canadian affluence. The minister knows that affluence does exist in our stores. He knows that our farmers can produce more, and that our manufacturers can manufacture more. The minister knows that production renews itself and increases from year to year and that stocks of previous years are not consumed, so that we are confronted today with the following situation: our stores, our businessmen, our industrialists in their buildings, in their storerooms, on their shelves, have all kinds of products in such quantities that our consumers are not able to consume what is actually for sale in Canada.

Instead of offering a system by which the Canadian taxpayers could go and draw on their own wealth and resources, on their tremendous production, the minister tells us: "Stop growing, stop developing, stop!" What will the minister say when industry, for example, is confronted with automation?

Does the minister wish to ask me a question?

Mr. Sharp: If I may, please.

• (9:20 p.m.)

[*English*]

Mr. Speaker, could I ask the hon. gentleman whether he is really suggesting that I said in my Budget speech anywhere that the expansion should stop. I hope it proceeds at a steady and high rate.

[*Translation*]

Mr. Caouette: Mr. Speaker, the minister has a short memory. In his budget speech, he asked, on behalf of Canadian prosperity, not to build, not to carry on some building projects, to stop public works in some areas, not to build federal buildings. He asked the Canadian industrialists not to make investments or to invest as little as possible to enable the economy to stabilize itself. That is what he said in his budget speech.

[*English*]

Mr. Sharp: Mr. Speaker, I hope that the hon. gentleman would want to be fair with the minister.

Mr. Crouse: No, he would not.

Mr. Sharp: May I suggest that he is grossly perverting my words in the budget speech, which was strongly in favour of continued and steady expansion in this country, and was directed to that end. I am sure he and I agree on the desirability of a steady and high degree of expansion.

[*Translation*]

Mr. Caouette: Mr. Speaker, as I said, the minister has a short memory. He encouraged the business world not to do it now, but rather to wait. He is afraid of too quick and too strong an expansion in Canada. Do the Canadian unemployed agree with the minister? Do the Canadian economists agree with the minister?

Production will come from automation. What does he propose in his budget speech about the problem that automation will create in Canada?

When I compare that budget of the Canadian Minister of Finance with the budget that the Minister of Finance of British Columbia tabled on February 12 when the latter predicted a crisis:

[*English*]

Increase in home-owner grant to $110 from $100; removal of the sales tax on all meals, confections, candies, soft drinks, newspapers, periodicals, magazines, school supplies; removal of real property tax on non-profit organizations operating for community benefit and on community halls.

[*Translation*]

While the federal Minister of Finance, on behalf of Canada, is submitting a budget likely to make Canadians tighten their belts, in British Columbia, administered by a Social Credit government, taxes are reduced instead of being increased.

I would advise the Minister of Finance to visit British Columbia and Alberta to find out how Social Crediters operate without increasing taxes.

[*English*]

Mr. Basford: Will the hon. member permit a question?

Mr. Caouette: Certainly.

Mr. Basford: Is the hon. member also aware that the people of British Columbia provincially are the highest taxed people of Canada.

Mr. Caouette: It is not true. They have better services in British Columbia than anywhere else in Canada. There is greater economic expansion in British Columbia than anywhere else in Canada, and my hon. friend must know it.

[*Translation*]

The Minister of Finance says that taxes are highest in British Columbia. That remains to be seen. What taxes are higher than the federal taxes? Look at the personal income tax. What tax, compared to the federal income tax, is charged to the individual?

[*English*]

Mr. Nielsen: Would the hon. member permit a question?

The Acting Speaker (Mr. Rinfret): Order, please. The hon. member for Skeena.

Mr. Caouette: Their national resources are great—

The Acting Speaker (Mr. Rinfret): Order, please. I have recognized the hon. member for Skeena on a question to the hon. member for Villeneuve.

Mr. Caouette: I have only ten minutes to go. He will have plenty of time when I have finished. If he is satisfied, perhaps he may defer his question.

[*Translation*]

Mr. Vincent: We want to know why Lesage goes out to British Columbia to borrow?

Mr. Caouette: My hon. friend from Nicolet-Yamaska reminds me of an occurrence.

The Minister of Finance must be aware that Hon. Jean Lesage went to borrow $100 million from British Columbia; yet, during the 1963 federal election, some of his organizations claimed that British Columbia was bankrupt. Three weeks after the 1963

election, Mr. Lesage's government was borrowing $100 million from British Columbia. Not too bad for a bankrupt government.

In 1965, the member for Quebec West (Mr. Marchand) repeated the same thing about British Columbia. Premier Bennett said: "Gentlemen, we have disbursed $100 million; if you need more, come back, we still have $800 million to lend."

All kinds of stories were made up at that time about the Créditistes; during two elections. Today, the Minister of Finance would tell the house that the citizens of British Columbia are paying more taxes than anybody else in confederation. That is as false as can be. The citizens of the province of Quebec are the most heavily taxed. According to its population, the province of Quebec has more debts than any other province. This situation is due to Premier Lesage. The hon. member for Saint-Maurice-Laflèche (Mr. Chrétien) is smiling; he will be helping his co-religionists of the province of Quebec on June 5. Quebec never had a more costly government from every point of view. We do not want a similar government in Ottawa. But that is practically what we have.

• (9:30 p.m.)

Mr. Speaker, the minister said in his budget speech, according to some of the highlights published in the newspapers:

In future, charitable donations may be deducted only if the donee is an organization registered with the government.

That is a fine state of affairs. Parish priests, presbyteries and charitable organizations will have to apply to the Minister of Finance for a licence, and they will need one because they will be registered with the government. Therefore, those charitable donations will be the only ones accepted.

I have here a letter dated February 22, from a parish priest of Verdun, in the province of Quebec. This is what he says about charitable donations that may be deducted for income tax purposes, and I quote:

Mr. C. A. Bergevin, public relations officer of the Department of National Revenue, Taxation Division, 305 Dorchester Street, Montreal; this man, under instructions from Mr. J. Gear McEntyre, is causing a great deal of trouble to members of the clergy regarding receipts for charitable donations deducted from the taxable income of taxpayers.

The abovementioned gentlemen reserve themselves the right to reduce the receipts for 1965 as they see fit and without possible appeal.

Parishioners sign a form and we trust everybody. The law allows 10 per cent of the salary, less deductions for married men with or without children and for single persons. The 10 per cent deduction should be fully applied to the taxable income and we should no longer be bothered with those annoying receipts.

The staff called upon to check those receipts could be given some other work; this would result in a significant saving and trust would prevail once and for all.

Under this system, in short, the wage-earner is always being pestered by the vultures of the federal or provincial income tax.

I rely on you and the wage-earners also count on your help to obtain a final solution.

The following solution has been suggested by the minister: charitable donations will only be accepted in the future if they are made to organizations registered with the government. All parish priests will have to register and be licensed to collect charitable donations, in order that Canadian taxpayers might claim an exemption to that effect.

Mr. Speaker, here are other highlights of the budget. An $11 million increase in the estimates of the Department of National Defence. The Minister of National Defence (Mr. Hellyer) is happy. The C.B.C. is getting $110,643,000 compared to $97 million, that is, an increase of $13 million. The national debt charges cost $1,185,500,000, that is one-ninth of all government income, one-ninth of the budget, but no one questions it. Why did the Minister of Finance not penalize the financiers instead of asking the Canadian people to accept more deprivation and more sacrifices? Why does he always put the touch on the builders of the country and not on those who are gobbling it up?

I mentioned that the age of automation is coming and that the department will be hard put to find an appropriate administration, a financial administration conscious of the realities in Canada.

I have here an article from a Vancouver paper, the Vancouver *Province* dated February 11, 1966 in which it is said:

[*English*]

Guaranteed Incomes Posed to Answer Automation Fear

A guaranteed annual income of at least $3,000 for everybody may be the eventual solution to growing problems of automation, says W. H. Ferry, vice president of the Centre for the Study of Democratic Institutions at Santa Barbara, Calif.

Asked at a press conference whether this would be the same thing as the original Social Credit concept of a free monthly dividend for everybody, Ferry said. "It's the same result, but on a very different basis."

However, he said he thought the national dividend ideas of Social Credit founder Major C. H. Douglas would come back into prominence in future years.

[*Translation*]

This means, Mr. Speaker, that in the south of the United States, in California and elsewhere in Canada, people are beginning to realize the logic of the national dividend advocated by Major Douglas, to fight against poverty efficiently in any country of the world. Against these solutions which would efficiently combat poverty, the fact is brought forward that a number of economists are not in agreement over the Social Credit propositions. In Quebec, we have economists who believe in Social Credit. Here are some of them: Mr. Yordan Kostakeff, professor of economics; Mr. Ernest Grégoire who was for 35 years professor of economics at Laval University, Ernest Grégoire, a former mayor of Quebec City; Mr. Robert Theobald, who accepts the principles of Social Credit, as well as Mr. John Snyder, who advocates the distribution to the consumers of wealth and plenty.

These people agree that the Creditist proposals should be tried instead of criticized. Instead of ridiculing the creditist proposals, let us try to put them into practice in Canada; then we will no longer have to read budget speeches such as that of the Minister of Finance the other day in which he announced unprecedented prosperity in Canada: a prosperity illustrated by the dissatisfaction of all the classes of society.

In fact we are witnessing ever-increasing strikes, not only in Quebec but in all of Canada: strikes of teachers, of students, of Canadian mailmen, of Hydro-Quebec engineers, of truckers in Ontario, of farmers in northern Quebec and in the Lake St. John region technicians strike.

How does the government try to put an end to these strikes? By increasing salaries? But even if a workman were to earn $10 an hour, if he must pay $350 for a suit, $200 for rent, if in fact he pays three times what the goods are worth, where will he be? Exactly where he was before. That is why I am utterly convinced that under the present system strikes will never solve the problems of workers, farmers, teachers and engineers. A problem solved by a strike means another strike in two, three or four years.

There is another solution to the problem: that advocated by the Creditistes, or the use of the Bank of Canada according to the physical possibilities in the country, in our respective provinces, and the distribution of a dividend to each and every one, in order to divide the riches, wealth and production of the country according to the work of Canadians.

• (9:40 p.m.)

That is the solution which would end fights between management and labour, and which would remove this general dissatisfaction within the whole population, not only in labour and farming, but in the small local businesses, in industry which faces unsold production, and in all social classes affected. All social classes are affected and lessened by this financial system which the Minister of Finance dares not touch. The Minister of Finance knows too well—he knows it as well as I do—that the financial system is not adapted to Canadian needs.

The other day I reread the speech made by my colleague for Lapointe (Mr. Grégoire), who said: "Why is it that the United States government succeeds in creating finance? Why is it that we, Canadians, have to borrow on the United States market to develop our national heritage? Why is it that we cannot, here in Canada, through the Bank of Canada, create the credit required for the financing of the economic development of this country?"

But the Minister of Finance would rather make his pilgrimages to Washington, New York or elsewhere, to work out loans from Europe and the United States for the municipalities, the provinces and the federal government. The government would rather borrow than create its own credit.

Can loans from France, Belgium or the United States give more value to the economic expansion and to the development of our natural resources?

If we have the brains, the labour and the physical capabilities of building public hospitals and buildings, not only in Ottawa, but also in Hull, of building schools in Canada, in short, if we have all the physical potential, with greater reason we should use the Bank of Canada to finance everything the Canadian people are capable of developing and building in this country.

But no, the Minister of Finance goes running to Washington to ask permission to build a trans-Canada highway. They rush to France to ask permission to develop our natural resources. We have huge quantities of minerals: copper mines, gold mines, iron mines, but we must ask the Americans permission to develop this tremendous wealth.

Mr. Speaker, this budget is a sucker offered to the Canadian people: a tax increase. The budget tells the Canadian people exactly the opposite of what the government promised before November 8, 1965. The government

can make promises but it is unable to keep them after the election. We should have benefited from tax reductions instead of being loaded with tax increases. And it is clearly stated here that six out of ten taxpayers will be paying more taxes, possibly up to 14 per cent more.

Mr. Speaker, in a few moments, we will be asked to vote on the Conservative amendment and on the New Democrat sub-amendment. I must say, in my name and on behalf of my group, the Ralliement Créditiste, that we will vote for the sub-amendment calling for tax-exempt incomes up to $1,500 for single persons and up to $2,500 for married persons. We had asked exemptions of $2,500 for single persons and $5,000 for married persons, but this sub-amendment is a step in the right direction and that is why we will support it in order to force the government to face up to its responsibilities. If it cannot take its responsibilities, let it give way to others who can.

[*English*]

Mr. Speaker: Order. It being 9.45 o'clock p.m. it is my duty, pursuant to section 4 of standing order 58, to interrupt these proceedings and forthwith put the question on the amendment to the amendment.

• (9:50 p.m.)

The house divided on the amendment to the amendment (Mr. Cameron, Nanaimo-Cowichan-The Islands) which was negatived on the following division:

Division

YEAS

Messrs:

Allard
Barnett
Brewin
Caouette
Dionne
Douglas
Fawcett
Gilbert
Herridge
Howe (Hamilton South)
Knowles
Langlois (Mégantic)
Latulippe
Lewis
MacInnis (Mrs.) (Vancouver-Kingsway)
Mongrain
Orlikow
Saltsman
Simard
Winch—20.

NAYS

Messrs:

Addison
Aiken
Alkenbrack
Allmand
Andras
Asselin (Charlevoix)
Asselin (Richmond-Wolfe)
Badanai
Baldwin
Basford
Batten
Béchard
Beer
Bell (Carleton)
Bell (Saint John-Albert)
Benson
Berger
Blouin
Boulanger
Bower
Brand
Cadieux (Terrebonne)
Cameron (High Park)
Cantelon
Cantin
Cardin
Caron
Cashin
Chatterton
Choquette
Chrétien
Churchill
Clancy
Clermont
Coates
Côté (Dorchester)
Côté (Longueuil)
Cowan
Crossman
Crouse
Danforth
Deachman
Diefenbaker
Dinsdale
Dubé
Duquet
Émard
Enns
Éthier
Fairweather
Fane
Flemming
Forbes
Forest
Forrestall
Foy
Fulton
Gendron
Goyer
Grafftey
Granger
Greene
Grills
Groos
Guay
Habel
Haidasz
Hales
Harley
Hees
Hellyer
Hopkins
Howe (Wellington-Huron)
Hymmen
Isabelle
Johnston
Keays
Kennedy
Klein
Korchinski
Laflamme
Lambert
Lamontagne
Langlois (Chicoutimi)
Laniel
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Lind
Loiselle
MacDonald (Prince)
Macdonald (Rosedale)
MacEachen
MacEwan
Mackasey
MacLean (Queens)
MacRae
McCleave
McCutcheon
McIlraith
McKinley
McLelland
McNulty
McQuaid
Madill
Marchand
Matheson
Moore
Muir (Cape Breton North and Victoria)
Munro
Nasserden
Neveu
Nicholson
Nielsen
Nowlan
Nugent
O'Keefe
Olson
Orange
Otto
Pascoe
Patterson
Pearson
Pelletier
Pennell
Pepin
Pickersgill
Pilon
Prud'homme
Pugh
Racine
Rapp
Régimbal
Reid
Ricard
Richard
Rideout (Mrs.)
Rinfret
Robichaud
Rochon
Rock
Roxburgh
Ryan
Rynard
Sauvé
Sharp
Simpson
Smith
Southam
Stafford
Stanbury
Stefanson
Stewart
Teillet
Thomas (Maisonneuve-Rosemont)
Thomas (Middlesex West)
Thompson
Tolmie
Tremblay
Tucker
Turner
Valade
Vincent
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Webb
Whelan
Yanakis—172.

Proceedings on Adjournment Motion

Mr. Speaker: I declare the amendment to the amendment lost.

Mr. Nielsen: May I adjourn the debate, Mr. Speaker?

Mr. Howard: The Minister of Trade and Commerce (Mr. Winters) and I had the unique and perhaps unhappy distinction of being paired.

Mr. Macquarrie: I was not paired, Mr. Speaker.

• (10:10 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

GRAIN—TROIS-RIVIÈRES—POSSIBLE CLOSING OF ELEVATORS

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, the other day I put a question to the Minister of Transport (Mr. Pickersgill) in which I asked him, in effect, if he would consider taking urgent action to cope with the serious crisis facing the grain elevators of Trois-Rivières.

I have brought up the matter on two or three occasions, but any action seems to lag alarmingly. This is constructive criticism and I have no intention of blaming anyone. However, no solution seems to be forthcoming and no thought given to repercussions which are naturally detrimental to the economy of the St. Maurice region of the province and even to the national economy. The grain elevators of Trois-Rivières handle wheat from the west. This is known to be very important to the economy of the country. They handle great amounts of it, as may be seen in the report of the National Harbours Board which we were given today. In fact, for last year only, the total amount of merchandise handled at the Trois-Rivières wharf was about 5,222,689 tons. The report further asys that grain exports are still increasing.

I think that if a solution to the problem is not found soon the grain elevators will have to close.

What is the problem? I shall state it briefly. Until now, the grain elevators paid some $26,000 a year in taxes to the municipalities; suddenly, they were required to pay some $280,000, an increase of over 1000 per cent. You will understand that this is prohibitive, seeing that the Canadian Wheat Board fixes the handling charges and that our grain elevators compete with others which are not so burdened.

The only way we can solve this problem is to bring together all the people concerned, namely, the National Harbours Board, the operators of harbour facilities, the municipal council of Trois-Rivières, and in all probability, the Municipal Board of the Quebec legislature, as well, because everyone will have to contribute his share in order to find a solution, which would probably be spread out over a period of three, four or five years.

Grain elevators directly provide a living to some 300 to 350 people as well as to the handlers who live in the neighbourhood; in turn, these people provide a living for corollary or subsidiary industries, namely trucking and other such industries.

Under the circumstances, owing to the vast industrial development which is going to take place in the Trois-Rivières area, should these facilities be denied to the area, I think it would be a real disaster for all the Mauricie, which includes, by the way, Champlain county, Saint-Maurice-Laflèche county, part of Maskinongé county as well as Nicolet county, and of course, the county of Trois-Rivières.

Mr. Speaker, I should like to ask the hon. Minister of Transport, taking into account precisely all the possible consequences of such a crisis upon regional, provincial and national economies, to lead the way in order to hasten this procedure, this settlement, this solution.

I know that the municipality of Trois-Rivières is concerned. I know that something has been done already. Mr. George Lloyd, of the National Harbours Board, already went on the site to discuss the question, but the proposed solution does not seem acceptable as such and no conclusion has been reached anyway. I know that he is supposed to go back there soon.

I suggest that the hon. Minister of Transport and the National Harbours Board had better give Mr. George Lloyd a free hand, so to speak, so that he may find a solution before it is too late.

With the most constructive possible intent, I should like to appeal to the minister most insistently, and I know that in so doing I

reflect the wishes of all those concerned in my constituency. Thus will we prevent a very acute crisis.

Hon. John N. Turner (Minister without Portfolio): With your leave, Mr. Speaker, I shall reply on behalf of the Minister of Transport.

The problem of the grain elevator company at Trois-Rivières referred to by the hon. member for Trois-Rivières arises solely from the expiry in 1964 of a tax agreement between the elevator company and the city. In 1965, the city fully assessed the elevator company and this resulted in a greatly increased tax bill for 1965. I understand that the elevator company has instituted legal action to set aside the increased assessment.

Despite the fact that the cost increase to the elevator company at Trois-Rivières is not due to any action of the National Harbours Board, that board, in co-operation with the city of Trois-Rivières and the Trois-Rivières Chamber of Commerce, is attempting to work out arrangements which will lessen the impact of municipal taxes on the principal users of the harbour.

These arrangements require not only action by the board, as suggested by the hon. member for Trois-Rivières but also concurrent action by the city. I can certainly assure the hon. member that the National Harbours Board has shown its willingness to co-operate to the extent of its ability to do so, but it would not seem appropriate for me to give the impression of interfering in municipal matters at Trois-Rivières such as the tax relations between the city and a private company.

The hon. member asked whether the minister was willing to appoint a special committee to look into the matter at once with the interested parties. This would not seem to be necessary, because in fact, though not in name, such a special committee already exists by virtue of the fact that representatives of the city, the elevator company and the National Harbours Board are discussing the matter extensively.

I hope that the matter will be brought to a successful conclusion.

• (10:20 p.m.)

[*English*]

TRANSPORT—PRINCE EDWARD ISLAND CAUSEWAY—APPLICATION OF STRETCH-OUT POLICY

Mr. Heath Macquarrie (Queens): I asked a question the other day concerning the reference in the budget address of the Minister of Finance (Mr. Sharp) to the deferment of construction of the Northumberland causeway. It is clear to anyone who is familiar with the maritime provinces and their economy that transportation has been and is a major and most important issue in that area. Communications with the mainland have been of the essence of the social and economic life of Prince Edward Island since the time of confederation. One can say without hesitation that the provision of adequate communications with the mainland is a federal obligation. It is therefore incumbent on those of us who represent the province to remind constantly those in charge of the national administration of their obligation in this respect.

The causeway project, one which was long sought and one which has transcended partisanship in our province and beyond it, activates us all. It was therefore with profound disappointment, shock and surprise that I listened to the Minister of Finance the other night while he outlined his restrain-the-boom technique, with particular reference to our long sought and desperately needed transportation project.

There has been a great deal of discussion, and my question was motivated by concern about the semantic exercises which have been carried on as to whether or not a rescheduling meant, or means, a deferment. I can only form my judgment, as is fair and proper, on the basis of the utterances of the minister himself.

One of the most important sections in the budget address spoke of the necessity for the government to review its construction program and defer a number of projects, as can be found in *Hansard* at page 3381.

Mr. McIlraith: Deferment or rescheduling; read the whole thing out.

Mr. Macquarrie: I have always listened to the minister with great restraint. Perhaps he will practise a little restraint and do me a similar courtesy.

Mr. McIlraith: I will not allow *Hansard* to be misread.

Mr. Macquarrie: The suggestion is to defer or reschedule a number of specific projects. Now rescheduling is apparently not a deferment. Yet I find that after the minister listed the five projects concerned be said:

I regret and I am sure everyone in this house regrets, that it is necessary to defer these projects—

And among the five projects are a grain elevator at Prince Rupert—the problem there was that the tenders were too high—the proposed new taxation building in Ottawa and a national museum, some less urgent work at airports, some harbour and marine works in coastal areas where there is serious pressure on the construction industry and, last, some smaller public buildings in Ontario and British Columbia.

Among this interesting collection of projects is the great Northumberland causeway under class "d". Why? It is to minimize the pressures on the peak summertime employment market, and maximize winter employment possibilities. I would be interested to know where that minister, the Minister of Public Works (Mr. McIlraith), or any other minister finds these dreadful and overpowering pressures upon our labour force. If he would consult the Minister of Labour (Mr. Nicholson) he would find the last report indicates that the Atlantic province unemployment figure stands at 10.5, a drop from 10.9.

I would be interested to know when any project need be deferred because of lack of available labour. If it is not a shortage of labour, it is also not because we are galloping into excessive prosperity in the Atlantic region. Any minister need only read the second report of the Economic Council to find there a prescription not of restraint but of what our region needs in acceleration.

For the government on one hand to seek to encourage industry to move in and assist the economy of the region, and then exercise unnecessary and unwarranted restraint in one of its projects, leads me to believe that the reasons are not economic but political.

I quote from the Charlottetown *Guardian* of November 10, 1965, these words in its editorial notes:

> "We spent $100,000,000 in Prince Edward Island and we didn't get a seat there" complains revenue minister E. S. Benson. It was asinine misstatements of this kind that helped them lose the two seats they had.

I hate to believe that it is for political considerations. I hate to believe that it is a five cent speech, Mackenzie King theory, once again being resurrected, but I would like very much to find an economic reason and I have not yet been able to do so in all the post-dated explanations and equivocations. I would simply ask the government to admit it made a mistake in including this project, and that it push forward with an essential development in our area to help the economy of the Atlantic provinces, rather than hinder it.

[Mr. Macquarrie.]

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I hasten to assure the hon. member that the Northumberland strait causeway is not being delayed in any way. The completion date is unchanged. It remains as it was when stated in the first announcement. What has been done here—and this fact has been asserted in a press release from myself, in correspondence from the Prime Minister of Canada (Mr. Pearson) and in other statements—is that a certain rescheduling has been made since the preliminary statement.

The rescheduling has only to do with the time of the maximum workload in the area. This is being done for the benefit of the maritime provinces, in particular for the wonderful province from which the hon. member comes.

As a result of this new timetable we are assured of a significant volume of winter work in late 1966 and early 1967, which is exactly the time of year that the hon. member has complained about when giving statistics on winter unemployment. This work activity will come at a time of the year when work is normally needed in the hon. member's province. It will be a positive factor in the economy of the province.

The new schedule provides for uninterrupted efforts to build the P.E.I. approach to the proposed nine mile crossing. Tenders for the 4½ mile approach road will be called in June, following completion of land acquisition.

This road, at the P.E.I. end of the crossing, will be completed in the latter part of 1967 as a step toward the construction of the main structure and it will serve as a hauling route for the project. Plans for the two mile New Brunswick approach causeway will be completed in July, with the call for tenders expected in August. This will permit the contractor to be on the site for work throughout the coming winter period. Of course, there is no alteration in the existing schedule for the approach road begun last year and it is moving ahead on schedule, to be completed by August of this year. This is perhaps a little better than on schedule.

• (10:30 p.m.)

Perhaps I should set out the other three major contracts involved. They are: the substructure for the main bridge portion of the

project approximately four miles in length; the bridge superstructure of structural steel, and the tunnel section and off-shore tunnel portal to be constructed from the Prince Edward Island side. The detailed plans and specifications for the main bridge elements will be completed about December, 1966, and for the tunnel-causeway section a little later than that. These are all on schedule. There is no delay.

Mr. Speaker: Order, please. The minister's allotted time has expired.

Motion agreed to and the house adjourned at 10.33 p.m.

23033—255½

HOUSE OF COMMONS

Wednesday, April 20, 1966

The house met at 2.30 p.m.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GOVERNMENT PURCHASES OF "RENEGADE IN POWER" AND "LAMENT FOR A NATION"

Question No. 109—Mr. Ormiston:

1. Have copies of Peter Newman's "Renegade in Power" been purchased by departmental and Crown corporation libraries and, if so, how many?

2. Have copies of George Grant's "Lament for a Nation" been ordered and/or purchased by departmental and Crown corporations libraries and, if so, how many?

3. Have copies of Peter Newman's "Renegade in Power" which are government property been placed in External Affairs offices and Trade Commissioner offices abroad and, if so, how many?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by all departments as follows:

1. Yes; 16.

2. Yes; 96.

3. No. One was presented to the embassy in Washington and placed in the chancery library.

BUTTER PRODUCTION

Question No. 126—Mr. Caouette:

1. What was the production of butter in Canada during the years 1963, 1964, 1965 and 1966 to date?

2. Is Canada exporting any butter and, if so (a) where (b) what were the total exports for the years 1963, 1964 and 1965?

3. What was the percentage of consumption of butter in this country for 1963, 1964 and 1965?

4. What happened to the unsold production for the years 1963, 1964 and 1965?

[*Translation*]

Hon. Robert Winters (Minister of Trade and Commerce): 1. Production of creamery butter in Canada during 1963, 1964, 1965, and 1966, to date, is as follows:

Year	Production '000 lb.
1963	351,919
1964	351,822
1965	336,666
1966	not available

2. Exports of butter by countries during the calendar years 1963, 1964, and January to October 1965 (latest figures available) are shown in the following table.

3. Percentage of consumption of creamery butter in Canada for 1963, 1964 and 1965.

Year	Percentage of Consumption to Production %
1963	99.8
1964	101.5[1]
1965	105.9[1]

[1] Represents some out of storage movement.

4. Unsold creamery butter in 1963 moved into storages in Canada.

EXPORTS OF BUTTER BY COUNTRIES DURING THE CALENDAR YEARS 1963, 1964 AND JANUARY TO OCTOBER, 1965.

Export Class Number	Description	Country	1963		1964		Jan.-Oct., 1965	
			Quantity	Value	Quantity	Value	Quantity	Value
			Cwt.	$'000	Cwt.	$'000	Cwt.	$'000
51-29	Butter	United Kingdom	55,987	1,720	364,614	12,551	27,813	989
		Norway	nil	nil	nil	nil	5	—*
		British Guiana	"	"	88	7	nil	nil
		Honduras	"	"	185	12	"	"
		St. Pierre and Miquelon	98	6	680	38	1,172	68
		United States	2	—*	12	—*	15	1
		Totals	56,087	1,726	365,579	12,608	29,005	1,058

*Amount too small to be expressed (less than $500.00).

Questions

[*English*]

FISHERIES DEVELOPMENT EXPENDITURES

Question No. 143—**Mr. Crouse:**

1. What was the total amount of money expended by the Department of Fisheries during 1965 in Newfoundland for the provision of fresh fish collection centres and community stages for salt fish?

2. What was the total amount expended for similar installations in (a) Quebec (b) New Brunswick (c) Nova Scotia?

3. What was the total amount spent by the federal government in Newfoundland during 1965 on buildings, marine works, wharves, breakwaters, practical research and demonstration, to accelerate fisheries development activity?

4. What was the total amount expended for similar fisheries development in (a) Quebec (b) New Brunswick (c) Nova Scotia?

Hon. H. J. Robichaud (Minister of Fisheries): 1. 1964-65, $489,374.14; 1965-66, $717,-651.91. These amounts include works, where necessary.

2.(a) Nil. (b) Nil. (c) Nil.

3. Fisheries expenditure included in 1 above.

4. Re fisheries, answered by No. 1.

FISHERIES STATISTICS

Question No. 186—**Mr. Tucker:**

1. How many fishing communities are there in (a) Newfoundland-Labrador (b) Nova Scotia (c) New Brunswick (d) Quebec (e) Prince Edward Island?

2. How many fishermen are there in (a) Newfoundland-Labrador (b) Nova Scotia (c) New Brunswick (d) Quebec (e) Prince Edward Island?

3. What is the number of fishing boats not decked in operation in (a) Newfoundland-Labrador (b) Nova Scotia (c) New Brunswick (d) Quebec (e) Prince Edward Island, by inshore fishermen?

4. What is the number of decked fishing boats up to 75 feet in length in operation in (a) Newfoundland-Labrador (b) Nova Scotia (c) New Brunswick (d) Quebec (e) Prince Edward Island?

5. What is the number of fishermen in operation and using boats not decked in (a) Newfoundland-Labrador (b) Nova Scotia (c) New Brunswick (d) Quebec (e) Prince Edward Island?

6. What is the number of fishermen using decked boats up to 75 feet in length in (a) Newfoundland-Labrador (b) Nova Scotia (c) New Brunswick (d) Quebec (e) Prince Edward Island?

7. What the average income of fishermen using boats not decked in (a) Newfoundland-Labrador (b) Nova Scotia (c) New Brunswick (d) Quebec (e) Prince Edward Island?

8. What is the average income of fishermen using decked boats up to 75 feet in length in (a) Newfoundland-Labrador (b) Nova Scotia (c) New Brunswick (d) Quebec (e) Prince Edward Island?

[Mr. Winters.]

Hon. H. J. Robichaud (Minister of Fisheries): 1. Not available.

2. (a) 22,615 in 1964; (b) 13,333 in 1964; (c) 5,790 in 1964; (d) 3,512 in 1964; (e) 3,329 in 1964.

3. Not available.

4. Not available.

5. Not available.

6. Not available.

7. Not available.

8. Not available.

C.B.C. PUBLIC RELATIONS STAFF

Question No. 484—**Mr. Keays:**

Are there any public relations officials in or connected with the Canadian Broadcasting Corporation and, if so, how many and what are the names and addresses of each?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Canadian Broadcasting Corporation that its public relations is largely carried out by the management group as a basic responsibility. The corporation employs two full time public relations people who assist in this work: Mr. Jack Lusher, 1500 Bronson Avenue, Ottawa, and M. Paul Dumont-Frenette, room 1425, Place Ville-Marie, Montréal.

REPRESENTATIONS RESPECTING MARITIME PROGRAM

Question No. 533—**Mr. Howard:**

1. Has the government received any briefs or presentations since January 1, 1964, relating to a Maritime Program for Canada from (a) the National Metal Trades Federation C.N.T.U. (b) the Marine Workers Federation C.L.C. (c) the Shipyard General Workers Federation of B.C., C.L.C.?

2. If so, what was the date upon which each such brief or presentation was received and the date and nature of any response?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of Transport as follows:

1. Yes.

2. On March 25, 1964, representatives of the three unions presented to a number of cabinet ministers a brief entitled "Build a Merchant Marine Now!—A Maritime Program for Canada". Mr. J. K. Bell, secretary treasurer of the Marine Workers Federation (C.L.C.) was informed that the brief would be considered by the interdepartmental committee appointed to make representations with respect to government policy on shipbuilding. The government announced on January 17, 1966, a revised program of assistance to the shipbuilding industry.

IMMIGRATION, 1964 AND 1965

Question No. 663—**Mr. Caouette:**

1. How many immigrants were admitted to Canada in 1964 and 1965?

2. What were the countries of origin of these immigrants in 1964 and 1965?

3. What criteria are applied to refuse an immigrant admission to Canada?

4. What requirements of admission must be set by a person who wishes to immigrate to Canada?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): 1. In 1964 there were 112,606 immigrants admitted to Canada. In 1965 the number was 146,758.

2. See the following list.

3. Prospective immigrants are refused admission to Canada if they come within any of the prohibited classes of section 5 of the Immigration Act or if they do not come within any of the classes of section 31 of the Immigration Regulations.

4. To be admissible to Canada as an immigrant, a person must comply with the provisions of section 31 of the Immigration Regulations and not fall within one of the prohibited classes listed in section 5 of the Immigration Act.

Country of last permanent residence of immigrants admitted in 1964 and 1965

Country of Last Permanent Residence	1964	1965
Algeria	3	10
Arabia	7	7
Argentina	461	489
Australia	1,855	2,150
Austria	1,099	1,472
Barbados	422	560
Belgium	989	977
Bermuda	82	120
Brazil	428	587
Britain	29,279	39,857
England	20,481	28,820
Northern Ireland	1,847	1,934
Scotland	6,698	8,363
Wales	236	682
Lesser British Isles	17	58
British Guiana	614	609
Bulgaria	6	13
Burma	3	39
Ceylon	80	126
Chile	61	73
China	184	197
Colombia	74	47
Cyprus	101	239
Czechoslovakia	91	68
Denmark	717	859
Egypt	1,855	1,378
Finland	353	504
Fiji Islands	209	304
France	4,542	5,225
Germany	5,992	8,927
Greece	4,391	5,642
Hong Kong	2,490	4,155
Hungary	424	453
Iceland	20	7
India	1,154	2,241
Indonesia	7	7
Iran	31	136
Iraq	19	73
Ireland (Republic)	680	861
Israel	871	822
Italy	19,297	26,398
Jamaica	912	1,214
Japan	138	209
Jordan	49	69
Kenya	83	112
Kuwait	10	7
Latvia	2	4
Lebanon	347	602
Lithuania	0	2
Luxembourg	36	22
Malaysia	68	96
Malta	1,162	1,055
Mexico	136	147
Morocco	1,092	834
Netherlands	2,029	2,619
New Zealand	448	561
Norway	259	324
Pakistan	282	423
Peru	48	53
Philippines	237	1,502
Poland	1,944	1,975
Portugal	5,309	5,734
Rhodesia	169	89
Roumania	57	55
St. Pierre and Miquelon	16	19
South Africa—Republic	417	545
Spain	674	837
Sweden	325	361
Switzerland	1,446	2,169

Questions

Country of Last Permanent Residence	1964	1965
Syria	37	71
Tanzania	10	42
Trinidad	467	775
Tobago	4	5
Tunisia	38	12
Turkey	304	469
Uganda	13	18
Uruguay	84	89
U.S.A.	12,565	15,143
U.S.S.R.	77	157
Venezuela	336	310
Yugoslavia	1,187	1,230
Zambia	86	37
Africa, n.e.s. (1)	108	119
Asia, n.e.s. (1)	107	194
British West Indies n.e.s. (1)	267	372
Central America n.e.s. (1)	34	39
Europe n.e.s. (1)	6	9
North America n.e.s. (1)	2	2
Oceania n.e.s. (1)	0	5
S. America n.e.s. (1)	151	214
West Indies n.e.s. (1)	127	169
Other countries n.e.s. (1)	10	6
Grand Total	112,606	146,758

(1) n.e.s. means "Not Elsewhere Specified".

[*English*]

REAL ROUSSEAU

Question No. 684—**Mr. McCutcheon:**

Is one Real Rousseau, who according to the Canadian Press on June 23, 1965, was identified in the preliminary hearing of Hon. Yvon Dupuis, in the pay of the federal government and/or has he been at any time during the last two years and, if so (a) where is or was he employed and (b) what are or were his duties?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by all departments as follows: No.

SALARIES OF POSTMASTERS

Question No. 873—**Mr. Caouette:**

1. What are the standards by which the salaries of postmaster and assistant postmaster are established?

2. Do these standards apply to the whole of Canada?

3. Does the Minimum Wage Act apply to the Post Office Department?

[Mr. Munro.]

4. If not, what category of employees is not covered by this act and why?

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): 1. The classification of Post Offices is based on the volume of postal business transacted. The salaries of the Postmasters and Assistants are based on the classification thus determined.

2. Yes.

3. The Minimum Wage Acts of Provincial Governments do not apply to Post Office Department employees. The Government, as a matter of policy, has established that minimum wage standards within the Canada Labour (Standards) Code would be extended to Federal Government employees.

The Civil Service Regulations have been amended with respect to annual vacation, general holidays and a minimum wage of $1.25 per hour to conform with the conditions outlined in the Code and these new regulations apply to Post Office Department employees who are subject to the terms of the Civil Service Act. They do not apply to small Revenue Postmasters and Sub Postmasters.

4. Revenue Postmasters are paid on the basis of postal work performed rather than on time required to be available to provide service. They are available to provide service for 40 hours per week but they may engage in other gainful employment when not required for postal work. Many of them operate stores in conjunction with the Post Office and where the Post Office is located in a home, there is little interference with the performance of normal household activities. On the basis of the hours required to perform postal work, they are paid in excess of the minimum wage of $1.25 per hour. Sub-Post Offices are usually operated in conjunction with another business and, like Revenue Offices, Postmasters are not required to devote full-time to postal work. They are paid a basic amount plus commissions on the sale of postal values. The status of these two groups in so far as the application of the Labour Code is concerned is still under review.

[*English*]

CORRELATION OF FAIRS, ETC. AND EXPO '67

Question No. 879—**Mr. Thompson:**

What plans are being made to relate major Canadian events, such as the Calgary Stampede, the Canadian National exhibition, the Pacific National exhibition, and other fairs and festivals to Expo '67 next year?

Hon. Robert Winters (Minister of Trade and Commerce): A very active program is in progress to promote Expo '67 at major Canadian fairs and exhibitions. It is the intention to have prominent displays at the Calgary Stampede, the Pacific National exhibition and the Canadian National exhibition. Expo '67 will be participating jointly with the Ontario government at the Canadian National exhibition, and at other fairs and exhibitions across Canada. All Expo '67 exhibits will include reference to its role in the Canadian centennial.

In addition, Expo '67 and the centennial commission are co-operating in several major national projects: (a) one which will result in national and international performing groups playing in several major centres of Canada as well as at Expo '67; (b) a series of folk art festivals; (c) the youth travel program under which hundreds of Canadian students will be assisted in travelling to various parts of Canada, some of whom may visit at Expo '67 when going through Montreal; (d) the canoe pageant; (e) a centennial guide book and the Canadian armed forces tattoo.

These and other events are described in the third annual report of the centennial commission for the fiscal year 1964-65.

GRANT REQUEST BY MEDICAL RESEARCH COUNCIL, 1965-66

Question No. 956—**Mr. Brand:**

1. What amount was requested by the medical research council for grants in aid of research for the fiscal year 1965-66?

2. Of said amount, how much was granted by the government?

Hon. C. M. Drury (Minister of Industry): 1. The proposed programs for departments and agencies of the government are discussed during the course of the year with the staff of the Treasury Board and, in the light of total moneys available, agreement is reached by the government on the allocation of these total moneys as between the various departments and agencies. It is not the practice to disclose either the tenor or content of such discussions.

Estimates for the medical research council have been increasing substantially year by year as the appropriations below show:

1963-64—$ 5,100,000.
1964-65—$ 6,935,000.
1965-66—$ 9,250,000 in the main estimate.
$ 3,000,000 in the supplementary estimate.

$12,250,000

2. See No. 1 above.

GRANT REQUEST BY MEDICAL RESEARCH COUNCIL, 1966-67

Question No. 957—**Mr. Brand:**

1. What is the total amount of the request by the medical research council for recommended grants for the year 1966-1967?

2. Has the government made any decision as to how much will be made available?

3. Will the government give consideration to the making of supplementary appropriations so that the medical research council budget will be able to meet the necessary and scientifically acceptable plans which the council has placed before the government?

Hon. C. M. Drury (Minister of Industry): 1. The proposed programs for departments and agencies of the government are discussed during the course of the year with the staff of the Treasury Board and, in the light of total moneys available, agreement is reached by the government on the allocation of these total moneys as between the various departments and agencies. It is not the practice to disclose either the tenor or content of such discussions.

2 and 3. The main estimate for 1966-67 is $12,350,000.

ALANIS OBOMSAWIN

Question No. 1,012—**Mr. Howard:**

1. Is one Alanis Obomsawin either by that name or the names of Helen Riley, Helen Robert(s) or Helen Robert Riley, a member of any Indian band in Canada and, if so, what is the name of that band, the date of birth of the said person, and the process by which her name appeared on the said band list?

2. If the answer to part 1 is no, does the government or any agency or department thereof have any knowledge of the origin of the said person and, if so, what is (a) her original name (b) her current name or names (c) her place and date of birth (d) her date of entry to Canada if she were born in or came from another country, and (e) her ethnic origin from the point of view as to whether or not she is of Indian descent?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the departments of Northern Affairs and National Resources and Citizenship and Immigration as follows: 1. No.

2. The Indian affairs branch has no official information about the personal history of this person.

The Department of Citizenship and Immigration has no file or record of entry of any person named Alanis Obomsawin. Because the other names listed are fairly common

ones, it would be impossible to identify the record of any one particular person, so named, without the benefit of other personal data such as date and place of birth or parents' names.

EXEMPTION APPLICATIONS UNDER LABOUR CODE

Question No. 1,019—**Mr. Loney:**

1. How many companies and firms have applied for exemptions from the sections of the Canada labour code which concern minimum wages and hours of work?

2. How many exemptions have been granted?

3. What is the total of employees who are exempted from the provisions of the act as a result of exemptions granted up to March 31, 1966?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): 1. Five hundred and forty submissions covering 4,239 establishments have been made under section 51 of the Canada Labour (Standards) Code for deferment or suspension of the operation of part I of the code.

Two hundred and forty-two submissions covering 279 establishments have been made under section 52 of the Canada Labour (Standards) Code for deferment of the operation of section 11 of the code.

2. Eight orders have been made under section 51 of the Canada Labour (Standards) Code deferring the operation of part I of the code.

Twenty-nine orders have been made under section 52 of the Canada Labour (Standards) Code deferring the operation of section 11 of the code.

3. Information is not available. Most submissions did not contain information on the number of employees affected.

C.N.R. PURCHASE OF CLEANING COMPOUND

Question No. 1,027—**Mr. Monteith:**

1. What companies tendered for sale of 123,500 lbs. of "extra heavy duty cleaning compounds", (specification No. 475-13A, of December, 1953) called for by the Canadian National Railways, such tenders having closed August 17, 1965?

2. Who was the successful tenderer?

3. What was the amount of the successful tender?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advise as follows:—

A contract was awarded to Pennsalt Chemicals of Canada Limited, of Oakville, which had submitted the low tender following an invitation to bid which had been sent to 40 firms. It is not the practice of the company to disclose the names of companies submitting tenders nor to divulge prices which it pays for materials which are purchased by tenders, as to do so could be prejudicial to the competitive position of the supplier and in future transactions would restrict the Canadian National's ability to buy on the most advantageous terms to the railway.

REGISTRATION OF DRUG MANUFACTURERS

Question No. 1,039—**Mr. Harley:**

1. Is the government giving consideration to registering drug manufacturers, as recommended by the special committee on food and drugs?

2. If so, what action has the government taken in this regard?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Yes.

2. Based on the recommendations of the special committee on food and drugs, it is the government's intention to enact regulations requiring an annual report or notification by drug manufacturers of all their products for sale in Canada including imported drugs. Drug manufacturers have been advised of this.

COST OF PRINTING BY GOVERNMENT BUREAU

Question No. 1,047—**Mr. Ricard:**

1. What is the total cost of printing done by the Canadian Government Printing Bureau during each of the years 1961, 1962, 1963 and 1964?

2. What is the total cost of printing done outside the printing bureau for each of the years 1961, 1962, 1963 and 1964?

3. What is the total cost of all other government printing jobs done by the printing bureau during each of the years 1961, 1962, 1963 and 1964?

4. What is the total cost of all other government printing jobs done outside the printing bureau during each of the years 1961, 1962, 1963 and 1964?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): 1. Information provided is based on fiscal year ended 31 March—calendar year information not currently available. 1961-62, $10,202,504; 1962-63, $9,709,872; 1963-64, $10,122,903; 1964-65, $11,177,181.

2. According to D.B.S. Publication (August 1965) "Commercial Printing Industries", Cat. No. 36-209, Table 8, the value of Printing, Publishing and Allied Industries: 1961, $887,727,860; 1962, $925,442,673; 1963, not yet available; 1964, not yet available.

3. Nil—Included in (1) above.

4. No record is maintained by Canadian Government Printing Bureau of total printing done on behalf of other departments, agencies and Crown Corporations. Printing let to outside printers by Department of Public Printing and Stationery on behalf of these Departments, agencies and Crown Corporations was: 1960-61, $5,887,672; 1961-62, $6,493,153; 1962-63, $6,771,874; 1963-64, $6,423,875.

[*English*]

AMENDMENT OF SECTION 21 OF INCOME TAX ACT

Question No. 1,053—**Mr. Bell (Carleton):**

1. Have representations been made by any organization or association to the Minister of Finance and/or the Minister of National Revenue, since January 1, 1965, seeking amendment to the provisions of section 21 of the Income Tax Act respecting the joint assessment of income of a husband or wife when one spouse is employed in the business of the other?

2. If so, by whom, and what was the nature of the representations in each case?

3. What consideration has been given by the government to these representations?

Hon. Mitchell Sharp (Minister of Finance): 1. Yes.

2. The Canadian Federation of University Women recommended that salary paid to a wife employed by her husband (or a partnership in which he is a member) be treated as separate income in the wife's hands when the services are actually performed and the compensation is not greater than would be paid to another person for the same services.

The Canadian Federation of Business and Professional Women's Clubs urged that subsections (2) and (3) of section 21 of the Income Tax Act be repealed and that the act be amended to provide that where the service is actually performed and the compensation is not greater than would be paid to another person for the same service the remuneration received by the employee spouse shall be deductible from the taxable income of the employer spouse, and shall be treated as separate income in the hands of the employee spouse.

The Canadian Chamber of Commerce recommended that remuneration received by an employed spouse be treated as separate to the extent that services are actually performed and the compensation is not greater than would be paid to an unrelated person for the same service.

3. These submissions were carefully considered but it was decided that decisions involving important changes of this nature should be deferred until the government has the benefit of the recommendations of the royal commission on taxation.

DIRECTOR OF POLICY AND PLANNING, ARDA

Question No. 1,054—**Mr. Bell (Carleton):**

1. Has a director of policy and planning in the agricultural rehabilitation and development branch of the Department of Forestry been appointed recently?

2. If so, who, and by whom was the appointment made?

3. If by the Civil Service Commission (a) how many applicants were there in the competition (b) who were the members of the rating board (c) what positions do such members of the rating board hold?

4. What is the salary level of the position?

5. What position did the successful applicant hold immediately prior to this appointment?

6. Did the successful applicant previously hold positions in the civil or public service?

7. If so (a) what positions (b) during what periods of time (c) at what salary levels?

8. While employed previously in the civil or public service, did the successful applicant or anyone on his behalf apply for reclassification of his position.

9. If so (a) when (b) with what result (c) what reasons were given for the decision in this respect?

Hon. Judy V. LaMarsh (Secretary of State): I have been given the following information by the Civil Service Commission: 1. Yes, on April 12, 1966.

2. Mr. G. J. Lemieux, Ph.D.—by the Civil Service Commission.

3. (a) 26. (b) and (c) Mr. F. J. Doucet, director, program division, Atlantic Development Board. Mr. A. T. Davidson, assistant deputy minister, ARDA, Department of Forestry. Mr. B. J. E. Lavigne, administrator, feed grain assistance program, Department of Forestry—(adviser to Mr. Davidson). Mr. J. E. Côté, Civil Service Commission officer, Civil Service Commission.

4. $15,370-$19,080.

5. Director, bio-physical research, Eastern Quebec Planning Bureau, Mont-Joli, P.Q.

6. Yes.

7. (a) (b) and (c) Seasonal Employment: Summers of 1952, 1953 and 1954 as survey assistant and forest engineer 1.

Salary History

Continuing employment: 1.1.55, Forest engineer 1, $3360; 1.7.55, Forest engineer 1, $3540, semi-annual increment; 1.4.56, Forestry officer 1, $3900, economic revision and change in class title; 1.7.56, Forestry officer 1, $4050, semi-annual increment; 30.9.56,

granted educational leave with half pay; 1.4.59, Forestry officer 2, $5580, reclassification; 1.1.60, Forestry officer 2, $5880, annual increment; 1.6.60, Forestry officer 2, $6240, economic revision; 1.11.60, Research officer 2(F), $6240, change in class title; 1.1.61, Research officer 2(F), $6540, annual increment; 1.1.62, Research officer 2(F), $6840, annual increment; 1.1.63, Research officer 2(F), $7140, annual increment; 13.2.64, Research officer 2 (F), $7140, salary on termination.

8 and 9. In April, 1959, the Department of Northern Affairs and National Resources requested the reclassification of Dr. Lemieux's position, among others, from forestry officer 1 to forestry officer 2. The reclassification was approved as it was in keeping with the duties performed.

No further request for his reclassification was received after that date. However, the Civil Service Commission understands that a further recommendation for Dr. Lemieux was under consideration in the Department of Forestry at the time of his resignation, effective February 13, 1964. This recommendation was related to the fulfillment of the academic requirements for the obtention of a Ph.D. degree in ecology. Dr. Lemieux resigned from the public service before completing these requirements, but he has since satisfied them and was awarded his Ph.D. by the University of Michigan in May 1964.

FEDERAL GRANTS, PORT ELGIN, ONT.

Question No. 1,060—**Mr. Loney:**

What amount in grants, in lieu of taxes, on federal property was paid to the municipality of Port Elgin, Ontario, for the year 1965?

Hon. Mitchell Sharp (Minister of Finance): $560.

COST OF C.B.C. MUNSINGER COVERAGE

Question No. 1,062—**Mr. Thompson:**

1. What was the cost to the C.B.C. for its coverage of Gerda Munsinger in Germany?

2. How much was paid for the interview with Mrs. Munsinger?

3. How much was spent on transportation and expenses for interviewer or interviewers?

4. What is the cost of the technical services, camera crews, etc.?

5. How much else was spent on the general C.B.C. news coverage of the Munsinger case in Germany?

6. How much television time to date has the C.B.C. devoted to the Munsinger affair (a) in direct newscasts (b) in special public affairs programming?

[Miss LaMarsh.]

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows: 1. Total cost was $9,050.

2. $5,000 was paid to Mrs. Munsinger's agent and $3,000 was paid to the Toronto Daily *Star*. The C.B.C. recovered $2,000 through sale of the program material to the N.B.C. network in the United States.

3 and 4. The combined cost for transportation, staff expenses, etc., for coverage in Germany was $3,050 for providing coverage on four networks, English and French, radio and television.

5. Nil.

6. (a) 1 hour and 28 minutes in regular newscasts, plus 19 minutes in two special newscasts. (b) None in special public affairs programming, although the subject was dealt with in regular public affairs programs.

C.B.C. TELEVISION COVERAGE OF QUEEN'S VISIT TO WEST INDIES

Question No. 1,063—**Mr. Thompson:**

1. How much television time did the C.B.C. devote to the visit of Queen Elizabeth II to the West Indies (a) in direct newscasts (b) in special public affairs programming?

2. How much was spent for the required technical services, camera crews, etc.?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows: 1. (a) Two minutes and 55 seconds in regular newscasts. (b) Nil.

2. Nil. News film was obtained through a British TV news agency.

PUBLIC WORKS CONSTRUCTION, SOUTHWESTERN ONTARIO

Question No. 1,064—**Mr. Nesbitt:**

1. Is the Department of Public Works intending to commence the construction of any buildings in southwestern Ontario within the next six months?

2. If so, what are the details of the projects?

Hon. G. J. McIlraith (Minister of Public Works): 1. No.

2. Not applicable.

C.B.C. INTERVIEWS WITH MR. MUNSINGER

Question No. 1,068—**Mr. Thompson:**

What did the interview or interviews with Mr. Munsinger, including transportation, camera crews, technical services, etc. cost the C.B.C.?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. that the interview with Mr. Munsinger, shown on a special

T.V. news program and on "This Hour Has Seven Days", cost $4,000 including costs of transportation, interview, studio rental, etc.

TENDERS FOR PEAS, INDIAN AID PROGRAM

Question No. 1,070—**Mr. Enns:**

1. On what date did the Canadian Commercial Corporation call tenders for peas in the Indian aid program and on what date were the tenders closed?

2. What was the amount and price of the tenders of (a) the Ottawa Valley Grain Company of Renfrew (b) Northern Sales (1963) Limited and (c) the B.C. Pea Growers Limited?

Questions

3. Was more than one tender accepted from the successful bidder?

4. Were two sets of prices accepted from one company and, if so, for what reason?

Hon. C. M. Drury (Minister of Industry): 1. Invitations to tender were called by telegram on January 10, 1966 and were closed on January 14, 1966.

2. The following offers were received: (a) Ottawa Valley Grain Co. Lot 1—1250 long tons combination of grades:

			Revised
F.A.S. Saint John—Grade	2cw	$136.20 per long ton	$135.20 per long ton
"	3cw	$134.35 " " "	$133.35 " " "
Extra "	4cw	$132.50 " " "	$131.50 " " "
"	4cw	$130.65 " " "	$129.65 " " "

Lot 2—750 long tons combination of grades:

			Revised
F.A.S. Saint John—Grade	2cw	$143.20 per long ton	$140.05 per long ton
"	3cw	$141.35 " " "	$138.20 " " "
Extra "	4cw	$139.50 " " "	$136.35 " " "
"	4cw	$137.65 " " "	$134.50 " " "

Lot 3—50 long tons grade 3cw: F.A.S. Saint John—$192.60.

(b) Northern Sales (1963) Limited. Lot 1—750 long tons grade extra 4cw: F.A.S. Saint John—$133.95 per long ton. Lot 2—100 long tons grade 4cw: F.A.S. Saint John—$132.16 per long ton. Lot 3—75 long tons grade 4cw or better: F.A.S. Saint John—$134.40 per long ton (Lot 3 not acceptable as offer was based on supply of green peas rather than yellow which was specified in the invitation to tender).

(c) B.C. Pea Growers Limited. Lot 1—1200 long tons grade 3cw: F.A.S. Montreal $184.80 per long ton; or F.A.S. Saint John or Halifax $189.95 per long ton; or F.A.S. Vancouver or New Westminster $192.64 per long ton. Lot 2—450 long tons grade 3cw: F.A.S. Montreal $145.60 per long ton; or F.A.S. Saint John or Halifax $150.75 per long ton; or F.A.S. Vancouver or New Westminster $153.44 per long ton.

3. Two lots of 1250 long tons and 750 long tons were accepted from Ottawa Valley Grain Co.

Two lots of 750 long tons and 100 long tons were accepted from Northern Sales (1963) Limited.

4. Yes. More than one set of prices were accepted from each of the two firms. The prices were dependant upon the geographic origin of the peas as opposed to the location of the processing plants and inland transportation to F.A.S. point, storage, etc. The price differential is also due to the different lot quantities of peas available at various locations as well as the types of grades offered.

Ottawa Valley Grain Products Ltd. revised its prices downward to reflect savings in storage insurance and interest when specific shipping dates were known.

LANGUAGES SPOKEN BY IMMIGRANTS

Question No. 1,071—**Mr. Laprise:**

1. From 1940 to 1960, year by year, how many immigrants on their arrival in Canada were (a) proficient in French (b) proficient in English (c) proficient in French and English (d) conversant with neither language?

2. During these same years, year by year, how many of these immigrants settled in Quebec and of this number how many spoke (a) French (b) English (c) French and English (d) neither English nor French?

3. Does the government have an immigration policy which favours alike the two ethnic groups of Canada and, if so, does the same policy apply to each of the provinces of Canada?

Questions

4. In what way does the immigration policy of Canada take into account the French ethnic group in Quebec?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): 1. Statistics on the languages spoken by immigrants on their arrival in Canada are not available prior to 1962.

2. As explained in the answer to part 1, the precise information requested is not available. However, shown below are figures on the total immigration to Canada from 1940 to 1960 and the numbers of immigrants who were destined to Quebec Province.

Year	Total Immigrants Canada	Immigrants destined to Quebec
1940	11,324	2,556
1941	9,329	1,931
1942	7,576	1,339
1943	8,504	1,369
1944	12,801	2,066
1945	22,722	3,428
1946	71,719	9,712
1947	64,127	8,272
1948	125,414	24,687
1949	95,217	18,005
1950	73,912	13,575
1951	194,391	46,033
1952	164,498	35,318
1953	168,868	34,294
1954	154,227	28,419
1955	109,946	22,117
1956	164,857	31,396
1957	282,164	55,073
1958	124,851	28,443
1959	106,928	24,816
1960	104,111	23,774

3. There is no difference in Canada's immigration policy with respect to the two major ethnic groups of Canada. The same policy applies to all provinces of Canada.

4. Canada's immigrant selection policy is not based in any way upon the ethnic origin of immigrants. The policy is to select those immigrants who are likely to become self supporting members of the Canadian community regardless of their ethnic origin.

[*English*]

CANADA-U.K. TAX AGREEMENT

Question No. 1,072—**Mr. Fairweather:**

1. Is the recently abrogated agreement between Canada and the United Kingdom about double taxation being renegotiated?

[Mr. Laprise.]

2. If so, when is the agreement expected to be ratified?

3. Will the new agreement be retroactive to the date the former agreement lapsed?

4. Does the government contemplate taxing people living in Canada permanently but receiving income from sources in the United Kingdom?

Hon. Mitchell Sharp (Minister of Finance): 1. The terminated 1946 Canada-United Kingdom income tax agreement has been renegotiated in part and replaced by a limited agreement, signed on December 6, 1965, that deals with four classes of income.

Both governments have expressed the hope that the limited agreement will soon be extended to include the subjects usually covered in a comprehensive agreement, and arrangements are now being made for holding meetings with a view to negotiating such an agreement.

2. The limited agreement will not be ratified by an exchange of instruments of ratification but will come into force after each contracting government has been notified by the other that all the things that have to be done to give the agreement the force of law in Canada and the United Kingdom respectively have been done. The governing date is expected to be the date on which the Canadian bill to implement the agreement is given royal assent.

It cannot now be determined when any comprehensive agreement that may be negotiated will come into force.

3. Yes, with respect to the subjects covered in the limited agreement. Not known, with respect to the subjects to be covered in any comprehensive agreement that may be negotiated.

4. Yes. The Income Tax Act provides that residents of Canada are taxable on income from all sources; it also provides that tax credits shall be allowed in respect of taxes paid to foreign governments on income from foreign sources.

The limited agreement provides that certain pensions from the British government received by Canadian residents shall be exempt from Canadian tax, unless it is more favourable to the pensioner to be taxed by Canada instead of Britain.

FRENCH TELEVISION SERVICE, PONTIAC COUNTY, QUE.

Question No. 1,073—**Mr. Lefebvre:**

1. Was a study made by the C.B.C. into the possibility of providing the population of the northern area of Pontiac with French television network service?

2. If so, what was the result of such study?

3. If no study was made, does the government intend to make one?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows:
1. Yes.

2. A preliminary study indicated that the cost per capita would be much higher than for other unserved areas, due to the very small, scattered population.

3. N/A.

[*English*]

GOVERNMENT OF CANADA PERPETUAL BONDS

Question No. 1,082—**Mr. Bell (Carleton):**

1. When were the 3 per cent government of Canada perpetuals issued?

2. At what price and yield?

3. What amount of these bonds is now outstanding?

4. At what time and under what terms has the government an option to redeem these bonds?

5. Have any representations been made to the government by or on behalf of the holders of these bonds?

6. If so, what is the nature of such representations?

7. What decisions have been taken by the government in respect of these representations?

Hon. Mitchell Sharp (Minister of Finance):
1. September 15, 1936.

2. 96.50 to yield 3.11 per cent.

3. $55,000,000.

4. The bonds are subject to redemption by call at the option of the government, as a whole or in part, at 100 and interest on 60 days' notice on September 15, 1966, or at any time thereafter.

5. Yes.

6. Representations from perpetual bondholders generally request that these bonds be called on September 15, 1966.

7. Under the terms and conditions of the 3 per cent perpetual bond issue, the government of Canada is required to give notice of intention to redeem the bonds by advertisements in the *Canada Gazette* and in daily newspapers, once in each fortnight for four consecutive fortnights with the first publication to be not less than 60 days prior to redemption date. Holders of perpetual bonds will be advised in this way if and when the government decides to exercise its option to call the bonds on September 15, 1966 or at any time thereafter.

FEDERAL GRANT, WIARTON, ONT.

Question No. 1,098—**Mr. Loney:**

What amount of grant in lieu of taxes on federal property was paid to the municipality of Wiarton, Ontario, for the year 1965?

Hon. Mitchell Sharp (Minister of Finance): $948.

STUDEBAKER CORPORATION

Question No. 1,104—**Mr. Jorgenson:**

1. Was there any agreement of any kind between the federal government and Studebaker Corporation at the time the Studebaker plant was established in Canada?

2. Were there any inducements or concessions to Studebaker Corporation for locating in Canada?

3. Who was responsible for the decision to close down the plant?

4. What was the reason for closing the plant?

5. Are there any plans for future use of the plant?

6. Does the government know whether existing guarantees on all models of Studebaker cars manufactured in Canada will be honoured by the Studebaker Corporation, and will the government take steps to ensure that these guarantees are honoured?

Hon. C. M. Drury (Minister of Industry):
1. Crown Assets Disposal Corporation reports that: Yes, the plant was sold to the Studebaker Corporation of Canada Limited by His Majesty the King in right of Canada by an agreement of sale dated the 28th day of February 1946.

2. No.

3. The decision to close the Studebaker plant at Hamilton was made by the board of directors of the Studebaker Corporation.

4. The reason given for closing the plant was that steadily declining sales had made it impossible to stem recent automotive losses.

5. I am informed that the company is considering a number of offers for possible use of the plant.

6. The Studebaker Corporation has indicated that it will continue parts production to meet all obligations under the guarantees of warranty on cars sold by the company which were produced in Canada.

Questions

MAIL DELIVERY CONTRACT, SEPT-ÎLES, QUE.

Question No. 1,111—**Mr. Allard:**

1. Did the federal government recently grant $60,000 to Clarke Steamship Lines for mail distribution in the Sept-Îles area?

2. What firm previously had that mail delivery contract?

3. Were there any tenders before the contract was given to Clarke Steamship Lines, and (a) if so, who were the tenderers (b) if not, why were tenders not called for regarding this contract?

4. Did the government find fault with Captain Jourdain of Cape Diamant, who formerly held that mail delivery contract?

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): 1. A contract was entered into with La Compagnie de Transport du Bas St-Laurent Ltée, a subsidiary of Clarke Steamship Company Limited, on 30th September 1965, for an amount of $67,000.00 per season.

2. During 1965 the Post Office Department had agreements with two steamship operators to convey mails between Sept-Îles and Blanc Sablon. One trip each week was performed by La Compagnie de Transport du Bas St-Laurent Ltée and the other trip was due to be performed by Captain Jourdain.

3. No. In accordance with Section 29 of the Post Office Act, the Postmaster General may, without public advertisement enter into a contract for conveying mail with any person operating a railway, air, steamboat or bus service. (*a*) Not applicable. (*b*) The company to which the contract was awarded was adjudged to be the only one which had the necessary vessels to provide reliable, regular service on the required frequency of two trips per week.

4. Captain Jourdain agreed to transport mails on a frequency of one trip per week during the 1964 and 1965 navigation seasons under temporary arrangements negotiated before the opening of each summer season. The Department was not satisfied with Mr. Jourdain's service. After giving assurance that he had a suitable vessel to perform the required services, starting in April 1965, Captain Jourdain was unable to fulfil his agreement. During the period April 16 to May 28, Captain Jourdain arranged for fill-in service but from June 4 to July 2 a total of four trips he failed to provide the agreed-upon service and the trips were performed by La Compagnie de Transport du Bas St-Laurent Ltée, a subsidiary of Clarke Steamship Company Limited.

[Mr. Drury.]

[*English*]

GRAZING LEASES, CAPE CROKER INDIAN RESERVE

Question No. 1,116—**Mr. Loney:**

1. What are the terms of agreement on land leased for grazing purposes on Cape Croker Indian reserve?

2. What is the number of acres involved?

3. What is the amount of money paid to the band?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. The 13 grazing leases in effect on this reserve are for terms running from 2 to 6 years.

2. Approximately 1,514 acres.

3. $625 is paid annually to band funds and $260 is paid annually to individual Indians.

GRANT TO PEACE RESEARCH INSTITUTE

Question No. 1,117—**Mr. Woolliams:**

1. Has the government been asked for a contribution in reference to a drive for peace by the Canadian Peace Research Institute of which Dr. Norman Alcock is a member?

2. Has a contribution been made by the federal government in reference to this organization and, if so, how much?

Mr. D. S. Macdonald (Parliamentary Secretary to Secretary of State for External Affairs): 1. See answer to question No. 72 given to Mr. Howe, member for Hamilton South, by the Secretary of State for External Affairs on March 2, 1966. The Canadian Peace Research Abstracts Journal is a publication of the Canadian Peace Research Institute.

2. No.

R.C.M.P. INQUIRY, TROIS-RIVIÈRES, QUE.

Question No. 1,119—**Mr. Mongrain:**

1. Was an allegation made that a citizen of Trois-Rivières was struck by a member of the R.C.M.P. while being questioned on January 31, 1966?

2. If so (a) was an inquiry made into this matter (b) what were the results of this inquiry (c) have instructions been given to forbid the use of such methods during interrogations?

Hon. L. T. Pennell (Solicitor General): 1. Yes.

2. (a) Yes. (b) It was determined that this allegation is without substance. (c) All members of the R.C.M.P. are instructed as to the proper method of conducting an interrogation.

MARITIME MARSHLAND WORK AT GREAT VILLAGE, N.S.

Question No. 1,120—**Mr. Crossman:**

1. Does the Maritime Marshland Rehabilitation Authority have work planned or underway at Great Village, Nova Scotia?

2. If so, what is the nature of that work?

3. Have tenders been called and, if not, when will they be called?

Hon. Maurice Sauvé (Minister of Forestry):

1. Yes (planned).

2. Construction of dike, aboiteaux and ancillary works (for marshland protection).

3. No—scheduled for late May, 1966.

POST OFFICE EMPLOYEES, ST. CYRILLE DE WENDOVER, QUE.

Question No. 1,129—**Mr. Caouette:**

1. How many employees were hired by the post office of St. Cyrille de Wendover, Drummond county, in 1964?

2. What were the names of these employees?

3. What were their wages?

4. During what period did each of these employees work at that post office?

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General):

1. Six.

2, 3 and 4:

Name	Salary	From	To
Mr. Hilarion Lemire	$4260.00	January 1, 1964	December 31, 1964
Mrs. Diana Daunais	1353.33	January 1, 1964	September 19, 1964
Mrs. Thérèse Rutherford	929.95	January 1, 1964	December 31, 1964
Miss Lise Généreux	189.84	November 30, 1964	December 31, 1964
Mr. P. Archambault	22.86	December 15, 1964	December 18, 1964
		December 21, 1964	December 23, 1964
Mrs. Thérèse Lemire	59.50	July 13, 1964	July 24, 1964
		(Total of 40 hours)	
		August 24, 1964	November 28, 1964
		(Casual employment—Total of 16 hours)	

[*English*]

CAPITAL COST ALLOWANCES FOR AIRCRAFT

Question No. 1,131—**Mr. Forrestall:**

1. Will the government examine section 11 (11) of the Income Tax Act which provides that certain taxpayers are eligible to claim capital cost of an automobile that is used in the course of their employment to help earn income, and consider amending the act to provide similar capital cost allowances for those individuals who substitute an aircraft for an automobile for the same purpose, by including the words "and/or aircraft" immediately after the word "automobile" in section 11 (11) of the said act?

2. For what reason or reasons was mention of aircraft omitted from section 11 of the Income Tax Act which now applies only to a taxpayer's use of an automobile?

Hon. Mitchell Sharp (Minister of Finance):

1. This has been examined in answer to representations made in past years and the decision reached was to propose no change.

2. The subsection referred to permits certain employees, who require transportation from place to place as they perform their employment, to claim capital cost allowances in respect of an automobile acquired for use in the performance of their duties. It has been considered sufficient to allow this deduction in respect of the means of transportation most generally used and unnecessary to allow a deduction in respect of the capital cost of a boat or aircraft acquired by an employee for use in his employment.

OLD AGE SECURITY FUND

Question No. 1,134—**Mr. Howe (Hamilton South):**

As of March 1, 1966, what was the balance of the old age security fund?

Hon. Mitchell Sharp (Minister of Finance):

The balance at the credit of the old age security fund as of March 1, 1966, was $193,591,673.61.

*EXPO '67—RECORDING OF R.C.M.P. BAND

Question No. 1,138—**Mr. Macaluso:**

Will the Minister of Labour use his offices with the American Federation of Musicians in order to obtain permission for a recording to be made of the R.C.M.P. band at Expo '67 as a cultural contribution to Canada's centennial year since this permission has been given to the United States army, air force, navy and marine corps for cultural purposes?

Hon. J. R. Nicholson (Minister of Labour):

Mr. Speaker, I have used my offices in this connection. Representations have been made to the American Federation of Musicians in

relation to the proposed recording of the R.C.M.P. band. The policy of the musicians union is that persons who are not members of the musicians union are not allowed to record since it would be in violation of the recording agreement between the recording companies and the union. The members of the R.C.M.P. band do not belong to the musicians union, and their participation in a recording would therefore violate the agreement between the record producers and the union.

In answer to the second part of the question, in the case of personnel of the military service bands in the United States, they are members of the union and therefore would be permitted to record.

RONALD B. RAMSEY—APPEARANCE ON C.B.C.

Question No. 1,144—**Mr. Laprise:**

Did the C.B.C. pay the travelling expenses of Ronald B. Ramsey when he went to Toronto recently for the purpose of participating in the program "This Hour Has Seven Days" and, if so, how much?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): Yes. I am informed by the C.B.C. that the return air fare, $56.00 economy class New York to Toronto, was paid by the Corporation.

[*English*]

FEDERAL BUILDING SITE, AMHERST, N.S.

Question No. 1,146—**Mr. Coates:**

Has a site been selected for a new federal building to be constructed at Amherst, N.S. and, if so, (a) where is it located (b) what was the cost of the site in question (c) to whom were moneys paid in the securing of the site and in what amounts?

Hon. G. J. McIlraith (Minister of Public Works): Yes, (a) Negotiations in progress to acquire a site located at the corner of Havelock and Prince Arthur streets. (b) and (c) Since the acquisition of the five properties concerned has not been finalized it is not possible at this time to determine the amount which will be paid to each property owner.

RABIES DISEASE

Question No. 1,154—**Mr. Laprise:**

1. Annually, since 1960 (a) how many deaths have been caused by rabies (b) how many people required treatment after being bitten by an infected animal (c) how many people required vaccination against this disease (i) in Canada (ii) in Quebec (iii) in the constituency of Chapleau?

2. Has the federal government helped financially the victims of the disease and, if so, to what extent?

3. Has an agreement been entered into with the province of Quebec for joint assistance to the victims of this disease and, if so, what are the terms of this agreement?

4. What is the aggregate amount of compensation received annually since 1960 by victims (a) in Canada (b) in Quebec (c) in the constituency of Chapleau?

5. Has an agreement been entered into with the province of Quebec to find preventive measures to eradicate the possibility of human beings catching the disease and, if so (a) what are the terms of this agreement (b) what sums has the federal government spent annually since this agreement came into effect?

[*Translation*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1.

	1961	1962	1963	1964	1965
(a)	1	0	0	1	Not available
(b)	Not available		0	*1,155	" "
(c)	" "		0	*(i) 1,155	" "
				(ii) 153	
				(iii) Not available	

*Estimate based on 1964 survey.

2. No.

3. No.

4. Not available.

5. No.

[Mr. Nicholson.]

[*English*]

INCORPORATIONS UNDER DEFENCE PRODUCTION ACT

Question No. 1,155—**Mr. Ryan:**

What corporations, if any, have been incorporated under part I of the Companies Act with the

approval of the Governor in Council pursuant to the powers given by section 7 of the Defence Production Act?

Hon. C. M. Drury (Minister of Industry): Defence Construction (1951) Limited by order in council P.C. 2269 dated May 10, 1951.

MAIL CONTRACTS, EASTERN PROVINCIAL AIRWAYS

Question No. 1,166—**Mr. Forrestall:**

1. Are any mail contracts at present held by Eastern Provincial Airways and, if so, how many?
2. What is the travel detail of each contract?
3. What is the dollar content of each contract?
4. What is the volume by weight, of each contract?

Hon. Jean-Pierre Côté (Postmaster General): 1. Yes, 9 contracts.

2. (1) Serving intermediate points between Gander and Nain and return on a weekly frequency with the exception of Change Islands, Fogo and Stag Harbour which are served semi-weekly and conveying all classes of mail during the season of closed navigation. (2) St. John's—Goose Airport via Deer Lake and return, frequency 5 trips per week conveying all classes of mail. (3) St. John's—Wabush via Deer Lake and return, frequency 5 trips per week conveying all classes of mail. (4) Deer Lake—St. Anthony and return, frequency 2 trips per week conveying all classes of mail. (5) Wabush—Twin Falls and return, frequency weekly conveying all classes of mail. (6) St. John's or Gander—St. Albans and return, frequency daily except Sunday conveying first class mail. (7) Moncton—Charlottetown—Halifax via Summerside and New Glasgow and return, frequency 3 trips per day except Sunday, Moncton, Charlottetown and one trip Sunday. Daily except Sunday service between Charlotteown and Halifax conveying first class mail. (8) Moncton—Goose Airport and return, frequency 2 trips per week conveying all classes of mail. (9) Moncton—Magdalen Islands and return, frequency daily except Sunday conveying all classes of mail.

3. (1) .003 cents per pound mile, annual cost, $231,093.74; (2) .24 cents per pound, annual cost, $45,128.70; (3) .34 cents per pound first class 10 cents per pound other classes, annual cost, $30,059.00; (4) .13 cents per pound, annual cost. St. Anthony airport closed part of year due to construction, $136.40; (5) .003 cents per pound mile, annual cost approx. Not in operation for a full year, $8,500.00; (6) St. John's—St. Albans, 11 cents per pound, Gander—St. Albans, 7 cents per pound. Estimated annual cost, $821.52. Service established December 22nd, 1965; (7) $8.55 per ton-mile, annual cost, $111,278.94; (8) .24 cents per pound, annual cost, $70,736.40; (9) $1.30 per ton-mile, annual cost approximately $85,000.00.

4. (1) 390,181 pounds; (2) 194,119 pounds; (3) 232,863 pounds; (4) 248 pounds; (5) 26,000 pounds approximately; (6) 11,736 pounds approximately; (7) 477,304 pounds; (8) 294,735 pounds; (9) 744,358 pounds.

LETTERS OF COMMITMENT, CANADIAN CAR MANUFACTURERS

Question No. 1,169—**Mr. Hales:**

Has $260 million of additional Canadian value been added as outlined in the letters of commitment between the government of Canada and Canadian car manufacturers and, if so, what portion has been achieved to date by each of these car manufacturers?

Hon. C. M. Drury (Minister of Industry): 1. The companies producing motor vehicles in Canada, which are covered by motor vehicles tariff order 1965, have undertaken to achieve an increase in their annual level of Canadian value added in the production of motor vehicles and original equipment parts in Canada, in an amount equal to $260 million, by the twelve month period ending July 31, 1968.

Reports received to date, which are confidential, indicate that the companies are making satisfactory progress toward meeting their Canadian value added commitments under the program.

MAIL SERVICE, GRUNTHAL, MAN.

Question No. 1,176—**Mr. Jorgenson:**

Has there been a request from the village of Grunthal, Manitoba, for the improvement of mailing delivery services and, if so (a) did the request include better facilities and mailing delivery services in Grunthal (b) were representations made by anyone other than the Chamber of Commerce (c) were any representations written or otherwise opposed to the improvement of the facilities and mailing delivery services?

Hon. Jean-Pierre Côté (Postmaster General): (a) There has been no request from the village of Grunthal for the improvement of mail delivery services. However, the Grunthal Chamber of Commerce made representations for better facilities and mailing delivery service. (b) No. (c) No.

Questions

UNEMPLOYMENT INSURANCE RECEIPTS AND PAYMENTS

Question No. 1,186—**Mr. Godin:**

1. How many Canadians paid contributions to the Unemployment Insurance Commission in 1963 and in 1964?

2. What was the amount received throughout Canada for each of these years?

3. In the same period, what was the amount paid to unemployed persons by the commission?

4. In 1963 and 1964, how many persons registered at the unemployment office in the city of Quebec, and of these how many were from Portneuf county?

5. Among those who registered in the city of Quebec and who were from Portneuf county (a) how many were eligible for benefits (b) how many were turned down?

6. Since the institution of the Unemployment Insurance Commission, how many contributors have died without receiving any benefits?

Hon. J. R. Nicholson (Minister of Labour): I am informed by the Unemployment Insurance Commission as follows: 1. This information is not available.

2. Contributions paid to the unemployment insurance fund during the fiscal year 1963-64 amounted to $355,902,875—1964-65, $372,-901,531.

3. Unemployment insurance benefits paid in Canada during the fiscal year 1963-64 amounted to $365,654,718—1964-65, $335,-030,187.

4, 5 and 6. This information is not available.

ILLEGAL STILLS SEIZED

Question No. 1,191—**Mr. Godin:**

1. How many illegal stills were seized monthly during the years 1961, 1962 and 1963?

2. What was the total number of illegal stills seized during 1964 throughout (a) Canada (b) the province of Quebec (c) St. Maurice-Laflèche county (d) Portneuf county?

Hon. L. T. Pennell (Solicitor General): 1.

	1961	1962	1963
January	12	32	29
February	18	21	34
March	18	22	22
April	23	23	23
May	19	21	28
June	13	11	12
July	16	15	27
August	15	19	16
September	15	12	22
October	19	15	24
November	14	33	28
December	33	41	38

2. (a) 247, (b) 45, (c) 7, (d) None.

[Mr. Côté (Longueuil).]

LETTERS OF ASSURANCE TO NOVA SCOTIA BUSINESSES

Question No. 1,192—**Mr. Bower:**

1. Have any businesses in Nova Scotia received letters of assurance as at February 28, 1966, that their plans for projects, if carried out, would meet the requirements of section 71H of the Income Tax Act or the Area Development Incentives Act and, if so (a) how many (b) how many in the federal constituency of Shelburne-Yarmouth-Clare?

2. Have any further letters of assurance been sent out to businesses in Nova Scotia since February 28, 1966, and, if so (a) how many such letters have been sent (b) in particular, how many have been sent to firms located in or planning to locate in the federal constituency of Shelburne-Yarmouth-Clare?

3. Is the government aware of any further public announcements by firms of their intentions to establish in designated national employment service areas in Nova Scotia and, if so (a) what are the names of these firms (b) where in Nova Scotia are they located?

Hon. C. M. Drury (Minister of Industry): 1. (a) and (b) Fifteen businesses in Nova Scotia had received letters of assurance as at February 28, 1966, that the plans for their projects, if carried out, would meet the requirements of section 71A of the Income Tax Act or the Area Development Incentives Act. One of these refers to a firm which plans to establish a project in the geographic area covered by the federal electoral constituency of Shelburne-Yarmouth-Clare.

2. No additional letters of assurance have gone to businesses in Nova Scotia since February 28, 1966.

3. No.

QUALIFICATIONS OF PENITENTIARY INSTRUCTORS

Question No. 1,193—**Mr. Orlikow:**

What qualifications are required by the vocational training instructors and industrial instructors who are employed by the federal penitentiaries?

Hon. L. T. Pennell (Solicitor General): Vocational Training Instructors: Grade 12 or equivalent; matriculation from technical high school preferred. Trade background of at least five years at the journeyman level. Valid certificate of qualification of the trade in which he is to be employed. Valid teacher's certificate; verified teacher training or experience in instructional techniques. Knowledge of apprenticeship methods and training systems, including ability to plan, organize and teach courses; demonstrated knowledge and experience in man-management. Good character, sound judgment, acceptable personality. Good physical condition.

Industrial Instructors: Grade 10 or equivalent. From 3 to 5 years experience as a journeyman in the trade. Good working knowledge of all phases of the trade. Good working knowledge of the care, safe efficient use, running repair and maintenance of all machinery and equipment used in his shop. Fundamental knowledge of bookkeeping practices, first aid, safe working practices. Ability to provide on the job instruction. Good character, sound judgment, acceptable personality. Good physical condition.

VOCATIONAL TRAINING IN PENITENTIARIES

Question No. 1,194—**Mr. Orlikow:**

1. How many inmates of federal penitentiaries are now receiving training which is recognized by provincial and federal apprenticeship boards?

2. How many vacancies are there at present for vocational training instructors and school teachers in the various penitentiaries, and in what institutions do these vacancies exist?

3. How many hours does an inmate actually spend in vocational training shop per day, excluding taking counts and movement to and from place of training?

Hon. L. T. Pennell (Solicitor General): 1. Full time formal trade school training, 371. Part time, on the job, and apprenticeship training, 383. Total, 754.

2. Vacancies are as follows:

	Vocational Training Instructors	Teachers
*Springhill	9	4
*Special correction unit (Quebec)	—	2
Cowansville Institution	8	4
Federal Training Centre	1	—
Collin's Bay Penitentiary	2	—
Saskatchewan Penitentiary	—	1
British Columbia Penitentiary	1	—
Matsqui Institution—male	11	4
*Matsqui Institution—female	5	2
Matsqui Institution—Pilot project	2	—
Total	39	17

*These institutions have an authorized establishment but are not in operation as yet.

3. 7.12 hours.

Questions

TRAINING OF PENITENTIARY STAFF

Question No. 1,195—**Mr. Orlikow:**

1. Is remunerative recognition given to professional penitentiary staff who have qualifications exceeding the minimum requirements of the penitentiary service?

2. Are there monetary incentives provided for custodial staff in federal penitentiaries to improve their education and training for greater proficiency in job performance?

3. Do all custodial officers in correctional institutions receive training in the behavioural sciences by qualified professional staff?

4. Does the federal government contemplate the provision of training grants and bursaries for its employees in the field of correction and welfare in view of the fact that moneys are now made available to the provinces for similar training in these fields?

Hon. L. T. Pennell (Solicitor General): 1. Yes. The salaries of teachers, instructors, psychologists and classification officers are based on their education and experience. Leave with pay is granted to teachers to attend educational courses once in every third year.

2. Yes. In accordance with the correctional officers training plan, the custodial officer is given the opportunity to increase his knowledge and experience through regularly planned steps, both at the institution and staff colleges. He may then be placed on a regional eligible list for promotion as soon as a vacancy occurs.

3. Fundamentals in human behavioural sciences are taught in staff college courses. Follow up training is conducted at the institutions by psychiatrists and psychologists according to the needs at each institution.

4. In the case of the Canadian penitentiary service, financial arrangements have been made for officers in order that they may take postgraduate training in the field of corrections and welfare. A few selected officers attend universities full time and are granted allowances related to their salaries together with tuition fees.

JUVENILE OFFENDERS IN PENITENTIARIES

Question No. 1,196—**Mr. Orlikow:**

1. How many juvenile offenders are now in federal penitentiaries?

2. In how many cases did the court have presentence recommendations from social workers, probation officers, psychiatrists, etc.?

3. What facilities, if any, are there for segregation of these juveniles from the adult inmates?

Questions

Hon. L. T. Pennell (Solicitor General): 1. 87.

2. This information is not available within this department.

3. No separate facilities exist as such. However, in the Montreal area, many are transferred to the federal training centre, an institution for young offenders and an attempt is made to segregate them from the older age group. In other institutions, attempts are also made to segregate juveniles from the adult inmates, as far as circumstances permit.

A new medium security institution at Cowansville has been recently opened and will accommodate young offenders and selected adults; some juveniles will likely be transferred there also. Three more institutions of the same type as Cowansville, at Springhill, N.S., Warkworth, Ontario, and Drumheller, Alberta will be opening in the next few months.

HOURS OF WORK OF PROFESSIONAL PENITENTIARY STAFF

Question No. 1,197—**Mr. Orlikow:**

How many of the psychologists, psychiatrists, physicians and dentists employed by the federal government work full-time at the penitentiaries and, of those who work part-time, how many hours per week does each work in the penitentiaries?

Hon. L. T. Pennell (Solicitor General): There is a total of 15 psychologists, psychiatrists, physicians and dentists employed full time by the Canadian penitentiary service. A total of seven are employed part time and they work 15 hours per week. In addition, the penitentiary service has contracts with 29 individuals, i.e. psychiatrists, psychologists, physicians and dentists, for professional services in accordance with requirements.

HALIFAX AIRPORT TERMINAL ELEVATOR

Question No. 1,202—**Mr. Forrestall:**

1. Was provision made at the Halifax international airport terminal, at the time of its construction, for an elevator?

2. If so, would the government give consideration to its installation?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. No.

2. The department has under review a proposal to instal a passenger/freight elevator to serve the restaurant and lounge and to carry personnel and equipment to the Department of Transport offices on the upper floor.

[Mr. Orlikow.]

AIR CONDITIONING AT AIRPORT TERMINALS

Question No. 1,204—**Mr. Forrestall:**

1. Which Department of Transport airport terminals now have air-conditioning systems?

2. Does the government plan to extend such installations to any other terminals and, if so, at what locations?

3. Are any such installations being made at the present time and, if so, where?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Air conditioning systems have been provided for the operational and/or public areas of the following air terminal buildings: Gander, Nfld., Halifax, N.S., Fredericton, N.B., Quebec City, P.Q., Montreal, P.Q., Ottawa, Ont., Toronto, Ont., London, Ont., Windsor, Ont., North Bay, Ont., Sault Ste. Marie, Ont., Lakehead, Ont., Winnipeg, Man., Regina, Sask., Saskatoon, Sask., Edmonton, Alta., Victoria, B.C., Port Hardy, B.C.

2. No provision has been made in the current (1966-67) fiscal year estimates to instal air conditioning systems in other air terminal buildings.

3. Yes, Moncton, N.B.

MARRIAGE ALLOWANCE FOR R.C.A.F. OFFICERS

Question No. 1,205—**Mr. Tucker:**

1. At what age can an R.C.A.F. officer receive marriage allowance?

2. Is there another subsistence allowance less than the marriage allowance available for married officers not eligible for marriage allowance?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. 23.

2. No, however, married officers who do not receive marriage allowance due to the age limitation are entitled, when married quarters are not available, to subsistence allowance but at a reduced rate which varies according to rank.

ARDA PROGRAM, MONTMAGNY-L'ISLET

Question No. 1,208—**Mr. Berger:**

1. How much money did the federal government spend under the ARDA program in Montmagny-L'Islet in 1965, and for what specific purposes was this money spent?

2. What is the estimated expenditure of the department concerned in regard to Montmagny-L'Islet for the year 1966?

Hon. Maurice Sauvé (Minister of Forestry): 1. See the following list.

2. As it is the responsibility of the province to initiate and carry out the majority of projects and programs under ARDA, this information is not available.

PROJECTS APPROVED IN MONTMAGNY-L'ISLET IN 1965

Project No.	Approved	Description	Category	General Area of Activity	Total Cost	Federal Contribution
5005	March 1965	Study of farm woodlots to improve management and yields	Research	Islet, Kamouraska, & Rivière-du-Loup Counties	$194,914	$97,457
24013	June 1965	Socio-economic survey of population activity—St. Marcel municipality	Research	l'Islet Co.	5,450	2,725

PROFESSIONAL CLINICAL PERSONNEL, PENITENTIARY SERVICE

Question No. 1,211—**Mr. Ballard:**

1. Are there any professional clinical treatment personel (i.e., those eligible for membership in their professional associations), namely, psychiatrists, psychologists, and social workers, in the Canadian penitentiary service and, if so, what are their names and present appointments?

2. What is the establishment for personnel in each of the above professions in the Canadian penitentiary service?

3. Do any vacancies exist at present and; if so, how many?

4. Does the Canadian penitentiary service have provision for bursaries for personnel to take postgraduate professional training at Canadian universities?

Hon. L. T. Pennell (Solicitor General): 1. (a) There are in the Canadian penitentiary service eight psychiatrists and all are members of a professional association. They are: Dorchester, Dr. Philippe Michel, part time; Dr. R. G. Crandall. St. Vincent de Paul, Dr. Bruno M. Cormier, part time; Dr. D'a Voyer. Kingston Penitentiary, Prison for Women, Joyceville, Collin's Bay, Dr. George D. Scott, full time; Dr. R. J. MacCaldon, part time; and consultants when required. Manitoba, Dr. S. D. Schultz, part time psychiatrist. Saskatchewan, Referral made to North Battleford Institution and to Yorkton Institution. British Columbia, Dr. D. C. MacDonald, part time psychiatrist. Matsqui Institution, Dr. D. Craigen.

(b) There are eleven psychologists in the penitentiary service. They are: Dorchester, Mabey, D. E. Regional headquarters (Que.), Morin, J. A., Ligonde, P., Tremblay, J. L. J., Charron, M. O. A. I. (Miss). Regional headquarters (Ont.), Martinez, Paloma R. (Mrs.), Benson, M. (Miss). Saskatchewan, Geddes, J. H. Regional headquarters (west.), Des-Lauriers, Dr. P. L. Matsqui, Ross, W. J. Gardy, T. T.

(c) In addition there are 81 classification officers including 23 who have postgraduate degrees in sociology, education or social work and work in a professional capacity. They are: Dorchester Penitentiary, M. J. Gallant, K. H. Chappell, Z. J. A. Gaudet. St. Vincent de Paul Penitentiary, G. Lemire, J. R. R. Nadeau, J. A. M. E. Gosselin. Cowansville Institution, J. M. G. E. Abgral, J. P. M. A. Lafleur. Federal Training Centre, J. M. G. Lemire. Leclerc Institution, J. R. R. Martin, J. L. R. M. Roy. Regional headquarters (Ont.), S. M. Farrell. Prison for Women, Mrs. M. E. Batstone. Manitoba Penitentiary, O. M. Chaudhry, C. E. Dumaine.

Saskatchewan Penitentiary, E. C. Tremblay, W. M. Reydon. Regional headquarters (west.), W. Mort. Matsqui Institution, C. L. Clegg, J. F. M. Edwards-Evans, B. C. Murphy, D. R. MacGregor, Miss D. Kvietys.

2.

	Establishment
Psychiatrists (part time)	8
Psychiatrists (full time)	1
Psychologists (full time)	30
Classification officers	92

3.

	Vacant Positions
Psychiatrists (part time)	4
Psychiatrists (full time)	—
Psychologists (full time)	18
Classification officers	11

Questions

4. The Canadian penitentiary service does not have bursaries as such but financial arrangements are made for officers in order that they may take postgraduate training at universities offering correctional and welfare courses. A few selected officers attend universities full time and are granted tuition fees and allowances equal to their salaries. Three officers are completing master degrees this year under this plan.

MENTAL HEALTH RESEARCH GRANTS

Question No. 1,214—**Mr. Orlikow:**

Are any psychiatric research projects being conducted by the universities, governments, and private foundations being financed by federal health grants for the current year and, if so (a) what is the value of each grant (b) what is the total value of these grants for mental health research being done in each province (c) what is the total value of these grants for Canada?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes. Under the public health research grant, the Department of National Health and Welfare has allocated funds in 1966-67 toward the conduct of research into the prevention and treatment of mental illness and for the promotion of mental health in Canada at various Canadian universities, hospitals and other health agencies. (a) Seventy one research projects are being supported with the values of the grants varying from $975 to $41,440. (b) Newfoundland, $13,673; Prince Edward Island, $11,269; Nova Scotia, $29,690; New Brunswick, Nil; Quebec, $158,963; Ontario, $186,300; Manitoba, $48,758; Saskatchewan, $118,016; Alberta, $45,970; British Columbia, $139,538; Northwest Territories, Nil; Yukon Territory, Nil. (c) $752,177.

MENTAL HEALTH GRANTS TO UNIVERSITIES

Question No. 1,215—**Mr. Orlikow:**

1. Are any psychiatrists in training for the current year in receipt of training grants from the federal government and, if so (a) how many (b) what is the value of each grant (c) what is the total value of the grants (d) what are the plans for next year's grants?

2. Have any commitments been made for the next five years to the universities and the medical colleges, in the field of mental health?

3. Have any requests been made by the medical colleges for the next five years in the field of mental health?

4. Have any requests from the medical colleges in the field of mental health gone up, year by year in the past five years and, if so, how much?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Yes. (a) 67. (b) Payments to trainees taking professional training are set by the provinces according to the need of the individual, but they are not to exceed $250 monthly for persons without dependants and $300 for persons with dependants. Besides a bursary, a trainee may receive travel expenses to and from the place of training only once during the training period; transportation costs to and from the place of training when a trainee is out on field work outside his training centre; tuition fees as actually charged by the training institution; and an allowance for books and technical supplies not exceeding $50 for the full course. Bursaries may be claimed for trainees during the period of actual training. This period may include a reasonable period of travel to and from the training centre. It is understood that the provinces in certain cases supplement the federal assistance. For short training courses, the duration of which does not exceed three months, actual reasonable living expenses may be requested. Living expenses are to be accounted for on the basis of provincial regulations governing travelling and maintenance expenses. (c) $55,565 for 1966/67. (d) The national health grants represent a federal-provincial program. Provincial plans for the submission of project against next year's and, to some extent, subsequent years' grants are presently under study in all provinces. The resulting submissions of projects and consultations with provincial planners will begin in December of this year.

2. See answer 1 (d).

3. The annual submissions of projects received from the provinces on behalf of training, research and health services in medical colleges, request the continuance of federal assistance in subsequent years, although a five year period is not always specified.

4. The following funds were made available on the request of the provinces to Canadian universities and their medical colleges in the field of mental health: 1961-62, $1,141,793; 1962-63, $1,246,549; 1963-64, $955,342; 1964-65, $895,033; 1965-66, $825,243.

APPLICATIONS FOR RESEARCH GRANTS

Question No. 1,216—**Mr. Orlikow:**

Has the Department of National Health and Welfare received any applications for grants to finance research projects and, if so (a) how many in each of the past three years (b) what was their total dollar value (c) how many were approved in full (d) how many were approved in part only (e) how many were refused, and in each case, for what reason or reasons?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes.

	1963-64	1964-65	1965-66
(a)	370	353	381
(b)	$4,665,989	$4,262,952	$6,798,183
(c)	85	84	101
(d)	106	57	83

A few projects were cancelled or altered at the request of the researchers on their sponsoring provinces.

Research projects do not receive approval as submitted under the national health grants when they exceed the funds allocated for this purpose or when they are considered by appraisers, consultants and advisory committees to be poorly designed or unsound research.

DRUG PURCHASES FOR VETERANS AFFAIRS DEPARTMENT

Question No. 1,217—**Mr. Brand:**

Will all purchasing of drugs for the Department of Veterans Affairs be transferred to the Department of Defence Production on April 1, 1966 and, if so (a) will there be a qualified pharmacist or physician on the purchasing staff (b) will all purchasing be done by regular personnel?

Hon. C. M. Drury (Minister of Industry): 1. Yes, responsibility for the purchasing of drugs for the Department of Veterans Affairs was transferred to the Department of Defence Production on April 1, 1966 excluding emergency requirements and requirements of a non-recurring nature costing less than $25 per order. (a) Yes, there is a qualified pharmacist on the purchasing staff. (b) Yes, all purchasing will be done by regular personnel augmented by personnel transferred from the Department of Veterans Affairs including the qualified pharmacist. In addition, technical assistance is available from professional personnel in the customer department.

PAYMENTS TO ELECTORAL BOUNDARIES COMMISSION EMPLOYEES

Question No. 1,219—**Mr. Bell (Carleton):**

1. Referring to the answer to question No. 481 (*Hansard*, page 2920 for March 21, 1966) are the persons employed by the electoral boundaries commissions paid salaries and expenses by cheques issued by the comptroller of the treasury?

2. If so, what are the names of the persons to whom the comptroller of the treasury issued cheques for such salaries and expenses during the years 1965 and 1966, and what was the amount of the cheques issued to each person for salaries and expenses?

3. If such persons are paid otherwise than by cheques so issued by the comptroller of the treasury, by what technique are they paid salaries and expenses?

Hon. Mitchell Sharp (Minister of Finance):

1. Yes.

2. Details are in the attached listing.

3. Not applicable.

Electoral Boundaries Commission

Names, Salaries and Expenses of Persons Employed

Name	1965			1966 to March 31st		
Manitoba	Salary	Expenses	Total	Salary	Expenses	Total
Gilpin, George Ernest	7,110.00	435.65	7,545.65	1,200.00		1,200.00
Devion, Sandra Anne	3,133.88		3,133.88			
Beresford, Henry Edward	840.00		840.00			
Saskatchewan						
Malone, Edward C.	8,280.00	550.50	8,830.50	1,020.00		1,020.00
Geddes, Virginia	892.50		892.50	61.25		61.25
Viminitz, Max	140.00		140.00			
Alberta						
Head, Ivan L.	8,310.00	2,153.81	10,463.81	1,020.00	256.75	1,276.75
Cameron, Ann M.	4,169.75		4,169.75	301.75		301.75
O'Sullivan, J. F. B.	1,725.00	654.30	2,379.30			
Orobko, W. P.	350.00	330.45	680.45		48.00	48.00

Questions

Name	1965			1966 to March 31st		
British Columbia	Salary	Expenses	Total	Salary	Expenses	Total
Wilson, Robert	4,986.00	783.90	5,769.90			
Wilson, Mrs. Robert					110.00	110.00
Gracey, Barbara Doreen	5,971.50	484.09	6,455.59	915.00		915.00
Cherry, D. H.		141.77	141.77			
Moore, M. V.		88.00	88.00		90.50	90.50
Nelson, J.		111.50	111.50			
Official Court Reporter	637.80		637.80			
Newfoundland						
Burridge, John C.	700.00		700.00			
Wade, J. Timothy	7,560.00	590.70	8,150.70	870.00		870.00
Moore, Dorothy	698.25		698.25	42.00		42.00
Nova Scotia						
Anderson, Donald De Blois	8,370.00	404.50	8,774.50			
MacDonald, Heather J.	2,999.62	124.90	3,124.52			
Lawson, Kenneth G.	47.25	49.53	96.78			
Martin, Patricia Pauline	194.30		194.30			
March, John E. R.	1,085.00		1,085.00			
Blackie, Gordon	80.00	5.20	85.20			
Fisher, Andrew	80.00	23.85	103.85			
Wodolawski, Marie	8.40		8.40			
Prince Edward Island						
MacLeod, Ian M.	8,280.00	169.30	8,449.30	720.00		720.00
MacKenzie, Carroll A.*	3,306.00		3,306.00			
Tweedy, C. S. Mrs.*				427.50		427.50
Brophy, J. A.	25.00		25.00			
McKenna, J. C.	25.00		25.00			
Scott, Alex	25.00		25.00			
Simmons, Joyce M.	85.50	5.90	91.40			
New Brunswick						
Turnbull, Wallace S.	8,460.00	651.55	9,111.55	810.00		810.00
Bonnycastle, Hilary Ann	2,932.50	308.10	3,240.60			
Pierce, M. Elizabeth	669.75		669.75	11.75		11.75
Leblanc, Lorraine C.	376.00	300.20	676.20			
Quebec						
Caron, Yves	8,388.00	548.50	8,936.50	900.00		900.00
Allard, Therese	3,960.00		3,960.00	720.00		720.00
Langlois, Claude	70.00		70.00			
Tanguay, Gerard	490.00	52.80	542.80			
Martel, Fernand	490.00	90.40	580.40			
Ontario						
Gadsby, Sidney J.	8,496.00	542.30	9,038.30	900.00		900.00
Tappenden, Charles W.	385.00		385.00			
Dell, Sophie	4,130.00		4,130.00	700.00		700.00

* Same person i.e. subsequent to Dec. 1965.
Tweedy (nee MacKenzie) Carroll W. Mrs.

REGINA, SASK.—SECURITY BOND ON HOUSING DEVELOPMENT

Question No. 1,220—**Mr. Brand:**

1. Did Central Mortgage and Housing Corporation require a labour and material payment bond by the contractor, G. Barker Construction Limited, for the benefit of sub-contractors supply labour or material required in the performance of the contract for the low rental housing development, block A, Glen Elm Park south, plan 63-R-25686, Regina, Saskatchewan?

[Mr. Sharp.]

2. If so (a) what is the name of the insurance company acting as surety to Central Mortgage and Housing Corporation (b) what is the amount of the bond (c) was the surety obliged to make payment under the bond to subcontractor claimants and, if so (i) what total amount has been paid to the said claimants (ii) what are the particulars of payments made (iii) do any claimants remain unpaid by the surety and, if so, what are the particulars of same with amounts claimed?

Hon. J. R. Nicholson (Minister of Labour):

1. Yes.

2. (a) The Dominion Insurance Corporation. (b) Performance bond, $712,119.88; Labour and material payment bond, $712,119.88. (c) Yes. (i) $173,592.01.

(ii) Payee	Amount	Particulars
	$	
B. B. Torchinsky & Assoc. Ltd.	18.00	Testing of concrete.
Precast Concrete Limited	373.12	Supply of precast concrete material.
Drummond & Reeves Limited	335.70	Supply of clean out doors and thimbles.
Mackenzie & Thayer Limited	101.85	Supply of white exterior stucco.
Ross M. Rodger Limited	85.31	Particulars
City Lumber Yards Limited	3,294.14	Supply of Bostitch staples.
C. F. Sterne & Sons	2,451.47	Supply of lumber.
Pilot Butte Sand & Gravel Co. Limited	388.86	Supply of mortar buff. Supply of brick sand.
Con-Spec Sales Limited	346.61	Supply of Cop-R-Flash and Sure Klean.
Peacock Electric	5,928.45	Supply of electrical equipment and labour.
Clark Roofing (Sask.) Ltd.	5,068.55	Supply of roofing materials and labour.
Furnasman Limited	2,989.69	Supply of heating equipment and labour.
Silverline Decorators Co. Ltd.	800.00	Supply of labour (painting).
Modern Insulators Limited	697.12	Supply of insulating materials and labour.
Redi-Mix Concrete Limited	12,994.14	Supply of Redi-Mix concrete.
Cindercrete Products Limited	13,395.42	Supply of concrete building blocks.
Stewart Reeson Masonry Prod. Ltd.	5,613.35	Supply of brick, tile and cement.
Dominion Lime & Brick Ltd.	4,724.10	Supply of brick.
Ontario Culvert & Metal Prod.	5,300.00	Supply of window wells and gates.
Saskatchewan Steel Fabricators Ltd.	2,226.87	Supply of screen stops, angle frames, hinge assemblies and canopy posts.
Mechanical Dry Wall (Northern) Ltd.	2,340.00	Supply of vapor barrier and labour.
Marshall Wells of Canada Ltd.	386.40	Supply of hardware.
William S. Salmon	21,488.08	Supply of plumbing and heating equipment and labour.
Workmen's Compensation Board	179.66	Assessment by Workmen's Comp. Board.
B. B. Torchinsky & Assoc. Ltd.	20.00	Testing of concrete.
Fred Kroeskamp (labourer)	99.32	Supply of labour.
Arnold Kroeskamp (labourer)	55.60	Supply of labour.
Western Aluminum Products Ltd.	32,135.22	Supply of aluminum windows, sills and casings.
Pawliw Excavating	3,000.00	Supply of labour and including equipment.
Rogers Lumber Company	41,327.45	Supply of lumber.
Machenzie & Thayer Limited	700.00	Rental of equipment and payment for equipment lost on site.
C. N. Weber Limited	2,840.99	Supply of hardware.
Hauser Trenching & Excavating	64.00	Supply of labour.
Westeel Products Limited	1,822.54	Supply of damp-proof courses and miscellaneous flashings, and structural steel frames.
	$173,592.01	

Questions

(iii) Yes.

Payee	Amount	Particulars
D. Schouten	Included in Gormans Ltd. claim on Saskatoon project ($7,800)	This claimant apparently was an independent contractor in Regina and the claim is subject of litigation in conjunction with the Saskatoon claim. (See Question No. 1,221).

SASKATOON, SASK.—SECURITY BOND ON HOUSING DEVELOPMENT

Question No. 1,221—**Mr. Brand:**

1. Did Central Mortage and Housing Corporation require a labour and material payment bond by the contractor, G. Barker Construction Limited, for the benefit of subcontractors supplying labour or material required in the performance of the contract for the low rental housing development in Saskatoon?

2. If so (a) what is the name of the insurance company acting as surety to Central Mortgage and Housing Corporation (b) what is the amount of the bond (c) was the surety obliged to make payment under the bond to subcontractor claimants and, if so (i) what total amount has been paid to the said claimants (ii) what are the particulars of payments made (iii) do any claimants remain unpaid by the surety and, if so, what are the particulars of same with amounts claimed?

Hon. J. R. Nicholson (Minister of Labour):

1. Yes.

2. (*a*) The Dominion Insurance Corporation; (*b*) Performance bond, $515,266.00; Labour and material payment bond, $515,266.00. (*c*) yes. (i) $28,871.89;

(ii) Payee	Amount $	Particulars
Mechanical Drywall (Sask.) Ltd.	6,991.85	Compromise settlement because of back charges by Barker and Metro Painting. Basically payment is for gypsum wallboard and vapor barriers.
Con-Spec Sales Limited	216.82	This is for liquid sealer.
Asphalt Services Limited	429.00	Asphalt paving of play area.
City Lumber Yards Limited	90.58	Lumber supply.
D.H.I. Limited	1,500.00	Materials supplied—windows and glass inserts. Compromise settlement $1,500.00.
Metro Painting (Brantford)	15,935.46	Compromise settlement of supreme court action for painting and holdback. $5,340.00 paid to Metro Painting and D. F. Miller, Q.C. $10,595.46 paid to Metro Painting.
Bennet Floors	3,604.18	Materials.
Redi Mix Concrete	104.00	Compromise settlement—materials.
	$28,871.89	

(iii) Yes.

Payee	Amount	Particulars
Winnipeg Supply & Fuel Co.	—	Have started action against Barker in Regina. Default judgment. Garnishee order against CMHC. Paid $5,686.44 into court. Credits $1,250.00. Offer to compromise is made.
Gorman's Limited	Approx. $7,800.00	This is a supplier to a subcontractor (Schouten) and the matter at the present time is in litigation. Compromise indicated. (See Question No. 1,220).

CONTROL OVER TECHNICAL SCHOOL DEVELOPMENT PROGRAMS

Question No. 1,222—**Mr. Forrestall:**

Are any controls, regulations or legislation at present in effect in Canada to ensure that federal moneys extended to the provinces on a cost-sharing basis for technical school development programs are used for this specific purpose and, if so, what are they?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): Yes. Control over the uses to which federal contributions toward technical and vocational training projects and programs are put by the provinces is exercised through the provisions of the Technical and Vocational Training Assistance Act and the technical and vocational training and apprenticeship training agreements made thereunder with the provinces. The act and the agreements authorize federal contributions to be made only in respect of costs or expenditures incurred by the provinces for purposes specified therein. The act describes these purposes in general terms; the agreements describe them in detail and also make provision for individual approval of capital expenditure and certain other projects by the minister or administrators of his department. The agreements further require that the provinces maintain full records of all expenditures and commitments made as well as revenues and refunds received in respect of such agreements, and that the provinces permit access to such records, documents and files as may be deemed necessary by the comptroller of the treasury, the Auditor General of Canada, or other authorized officers of the federal government for the audit of expenditure under the agreements.

NATIONAL DEFENCE PREVAILING RATE WAGES

Question No. 1,224—**Mr. Madill:**

1. In areas of Canada where the Department of National Defence is the largest employer of a single trade or occupation, what methods are used in determining wage scales for prevailing rate employees in that trade?

2. What base is used for determining the wage rate for prevailing rate painters at Camp Borden?

Hon. Judy V. LaMarsh (Secretary of State): In so far as the Department of National Defence is concerned: 1. Under the present government prevailing rate policy, the Treasury Board approves pursuant to section 4 of the prevailing rate general regulations, prevailing rates of pay for public service employees. Those rates are determined by the Treasury Board following surveys by the Department of Labour of the wages prevailing in the private sector for similar trades in all departments in that area. The fact that one employing department may be the largest employer of a single trade or occupation in the area has no bearing on the wage determination. The exceptions to this method are found in the two naval dockyards where the trades engaged in ship repair or allied work are determined on the basis of rates paid in shipyards either on the east or west coast as the case may be. Although the basis of determination varies in these two cases, the Department of Labour still retains the responsibility for recommending the rates for Treasury Board approval.

In so far as the Department of Labour is concerned: 1. In such areas, the rates recommended for payment to prevailing rate employees are based on rates paid by private employers to employees doing comparable work in the area of employment. If there is insufficient local data on which to base recommendations, a wider area is used.

2. Barrie, Ontario.

UNEMPLOYMENT INSURANCE FUND

Question No. 1,226—**Mr. Crossman:**

What was the total amount to the credit of the unemployment insurance fund on January 31, each year since 1956?

Hon. Mitchell Sharp (Minister of Finance): January 31, 1956, $885,542,796; 1957, $916,429,488; 1958, $838,917,441; 1959, $586,990,921; 1960, $445,885,387; 1961, $283,742,150; 1962, $135,877,305; 1963, $71,803,065; 1964, $42,895,204; 1965, $75,796,646; 1966, $161,919,787.

UNEMPLOYMENT INSURANCE, NORTHWEST TERRITORIES

Question No. 1,227—**Mr. Orange:**

1. Does the government have any plans to open one or more permanent unemployment insurance commission offices in the Northwest Territories and, if not, for what reason?

2. Were any claims paid by unemployment insurance commission offices in Canada in the years 1964 and 1965 for persons resident in the district of Franklin, district of Keewatin and the district of Mackenzie, and, if so (a) how many (b) of these how many were with respect to Eskimo and Indian residents of these areas (c) what was the location of the offices paying such claims?

Hon. J. R. Nicholson (Minister of Labour): 1. The unemployment insurance commission

advises that it has no immediate plans to open one or more permanent offices in the Northwest Territories as the requirements for service could not be justified at this time.

2. (a) and (b) This information is not available. (c) The district of Franklin is serviced by the Ottawa local office. The district of Keewatin is serviced by the Winnipeg local office. The district of Mackenzie is serviced by the Edmonton local office.

REVISION OF UNEMPLOYMENT INSURANCE ACT

Question No. 1,236—**Mr. Ballard:**

1. Does the government intend to implement the recommendations of the Gill report on the Unemployment Insurance Act?

2. Does the government intend to submit to parliament a bill revising the structure of the Unemployment Insurance Act and, if so, when?

Hon. J. R. Nicholson (Minister of Labour): 1. Careful consideration has been and is being given to the Gill commission's recommendations and the results of such consideration will be reflected in the proposed legislation on unemployment insurance.

2. The Speech from the Throne contains the assurance that the government intends to proceed with legislation amending or bringing up to date the Unemployment Insurance Act.

MONCTON, N.B.—OPENING OF AIR TERMINAL

Question No. 1,237—**Mr. Coates:**

1. On what date will the new air terminal, at present under construction at Moncton, New Brunswick, be opened for use by the travelling public?

2. Has a date been set for the official opening of the new air terminal and, if so, what is that date?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. It is expected that the new terminal building at Moncton will be opened to the travelling public in July, 1966; but the exact date has not been determined.

2. The official opening date will not be determined until after the date has been established when the building will be opened to the public.

VIEILLES FORGES SAINT-MAURICE HISTORICAL SITE

Question No. 1,240—**Mr. Mongrain:**

1. Does the government intend to contribute to the restoration of the historical site known as Vieilles Forges Saint-Maurice in Trois-Rivières?

[Mr. Nicholson.]

2. If so (a) what measures will the government take (b) has work on this project now begun and, if not, for what reason?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. This historical site is owned by the province of Quebec; the federal government has not been asked by the provincial government to make any contribution in this matter.

2. N/A.

REDUCTIONS IN HEALTH DEPARTMENT GRANTS

Question No. 1,248—**Mr. Orlikow:**

1. During the last fiscal year, were any projects not approved, or reduced in amount, because the Department of National Health and Welfare did not have funds allocated to assist the provinces with an orderly development of their mental health programs and, if so, how many?

2. During the last fiscal year, were any hospital construction projects refused, or reduced in amount, because the Department of National Health and Welfare did not have funds allocated to assist the provinces with an orderly development of hospital facilities and, if so, how many?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. No. The provinces submitted projects for the development of their mental health programs within the amounts of allocation for the year 1965-66.

2. No. All projects submitted by the provinces for federal assistance on behalf of hospital construction have been approved under the terms of the hospital construction grant.

SOCIAL WELFARE TRAINING

Question No. 1,249—**Mr. Orlikow:**

Has any money been allocated under the welfare training grants to help pay for the education of people desiring to improve their qualifications in the field of social work and, if so (a) how much (b) how many people are now at recognized professional schools under the provisions of these grants (c) what are the amounts of the bursaries provided (d) has any money been allocated for research projects in the field of social service (e) have any plans been developed for research into appropriate use of sub-professional staff in the field of social welfare?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes. (a) $280,265 was approved for the fiscal year 1965-66 to assist persons taking full time graduate training at schools of social work. (b) 223 persons. (c) The bursary, training grants scholarship and fellowship provisions are used to assist persons taking social work training. Costs of bursaries and training grants are shared with

the provinces. Scholarships and fellowships are a 100 per cent federal responsibility.

The amount of a bursary is determined by the provincial welfare authorities. The federal government shares up to a maximum of $1,500 for a calendar year, plus $500 for dependants. The provincial welfare authorities also determine the amount of training grants with the federal share not to exceed $4,000 for a calendar year, plus $500 for dependants. These grants are reduced proportionately for periods less than one year. Necessary travel costs are also paid.

Scholarships and fellowships are awarded by the Minister of National Health and Welfare. The maximum amount of a scholarship is $2,000 for a calendar year, plus $500 for dependants. The maximum amount of a fellowship is $4,000 for a calendar year, plus $500 for dependants. These awards are reduced proportionately for periods less than one year. Necessary travel costs are also paid.

(d) Yes. In 1965-66 research projects totalling $133,472 were approved. (e) Yes, through the technical and vocational training agreements of the Department of Labour and the welfare grants program of the Department of National Health and Welfare, provincial departments received assistance in 1965-66 to undertake programs of training for sub-professional personnel, and these programs will be evaluated in terms of their effectiveness in producing competent personnel for the welfare field.

SALES TAX ON DRUGS

Question No. 1,253—**Mr. Howe (Hamilton South):**

Has the government received representations from the Canadian Pharmaceutical Association regarding the removal of the 11 per cent sales tax on drugs and, if so, what has been its reply?

Answer: Yes. The budget speech, as reported on page 3387 of *Hansard* for March 29, 1966, reads as follows:

I renew the undertaking given last year by my predecessor, the hon. member for Davenport (Mr. Gordon, that if the considerations of the special committee of the house on food and drugs lead it to recommend that drugs should be exempt from sales tax as part of a comprehensive and effective program to reduce the prices of drugs, then the government would be prepared to recommend such action by means of a special statute covering all the measures required to give effect to such a program.

WHARF FACILITIES, DALHOUSIE, N.B.

Question No. 1,254—**Mr. MacEwan:**

1. Does the government intend to construct a wharf and docking facilities at Dalhousie, New Brunswick, during the present fiscal year?

2. If so, what will be the size of the facilities and the estimated cost of same?

3. Will these facilities be operated by the government, or by private interests?

4. If by private interests, what is the name of the person or company who will operate same?

Hon. G. J. McIlraith (Minister of Public Works): 1. No.

2. Not applicable.

3. Not applicable.

4. Not applicable.

MULTIFORM EXUDATIVE ERYTHEMA

Question No. 1,256—**Mr. Isabelle:**

1. Has the food and drug directorate of the Department of National Health and Welfare received recent complaints about several cases of multiform exudative erythema?

2. Has the directorate found that the drugs sulfadimethoxine and sulphamethoxyphyridazine, when taken alone or with some other product, are in any way connected with these cases and, if so (a) has the directorate alerted the medical profession in this regard (b) has the directorate warned the manufacturers of these drugs and what was the nature of the warning?

[*Translation*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Yes.

2. Yes. (a) Yes. The Department of National Health and Welfare on February 4, 1966, informed all doctors in Canada that the Food and Drug Directorate had received published information that Stevens-Johnson syndrome (erythema multiforme exudativum) had been associated with the use of long-acting sulphonamides as well as other drugs. (b) The manufacturers of long-acting sulphonamides have been informed that their labels must carry suitable warning statements such as: (1) Stevens-Johnson syndrome has been associated with the use of long-acting sulphonamides as well as some other drugs; (2) the dosage recommended should not be exceeded, and (3) the patient must be closely observed, and should any adverse reaction develop, the drug should be discontinued immediately.

[*English*]

ALEX STORM, NORTHERN AFFAIRS EMPLOYEE

Question No. 1262—**Mr. McCleave:**

1. Was Alex Storm, an employee of the Department of Northern Affairs and National Resources at

Louisbourg, Nova Scotia, at any time within the last five years sent at Departmental expense to Paris, France and, if so, for what purpose?

2. Was equipment of the department, or information in its possession, used by Mr. Storm to carry out a successful search for treasure trove near Louisbourg?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. No.

2. No.

NATIONAL PARKS POLICY STATEMENT

Question No. 1266—**Mr. Horner (Jasper-Edson):**

Did the Prime Minister make a statement in Calgary in October, 1965, in regard to National Parks policy and, if so, what was that statement?

Right Hon. L. B. Pearson (Prime Minister): Yes. Such a statement was included in my speech at the Palliser hotel in Calgary on October 20, 1965, during the election campaign. Following is an extract from the transcript of what I said:

There is another matter worrying you out here, and I understand you are worried, and that is that we are interfering in the administration of public parks in a way which will violate the rights of certain people who have vested interest in those parks. I understand this worry and anxiety and I have written one of our candidates who is particularly concerned with this, and I would like to read what wrote him, and this is a week or so ago.

I said: "I want to dispel this anxiety. There will be full opportunity for park residents and others concerned to make their views known before any final decision is taken by government". And I repeat that. I am glad to give that pledge. "In many cases" I said, "there are difficulties in reconciling the long term interests of Canadians generally"—and we have a responsibility in the federal government for the interests of Canadians generally and their interests in public parks—"the difficulty of reconciling that with the legitimate rights of individuals who have acquired very specific interests, such as leaseholds in the parks. It is not easy to solve such problems to the satisfaction of all concerned but every effort will be made to do this, and to this end the government will give careful consideration to the views of all those who are concerned, before deciding what further action it should take in the light of the provisions laid down by parliament in the National Parks Act".

I hope this commitment on my part will remove some of the understandable anxiety that is felt.

FEDERAL MEDICAL INSURANCE PLAN

Question No. 1,267—**Mr. Thompson:**

Under the medical insurance plan which covers federal government personnel, what is the premium for each of the following groups (a) R.C.M.P. (b) armed forces (c) postal employees (d) civil servants generally?

[Mr. McCleave.]

Hon. Mitchell Sharp (Minister of Finance):

	Member
(a) and (b)	
Main plan	
(1) Member with one dependant	$2.05
(2) Member with more than one dependant	3.07
Optional plan in respect of persons insured under The Saskatchewan Medical Care Insurance Act, 1961	
(1) Member with one dependant	$ .37
(2) Member with more than one dependant	.56
(c) and (d)	Employee
Main plan	
(1) Single employee	$1.35
(2) Employee with one dependant	3.65
(3) Employee with more than one dependant	4.35
Optional plan in respect of persons insured under The Saskatchewan Medical Care Insurance Act, 1961	
(1) Single employee	$ .26
(2) Employee with one dependant	
(a) both resident in Saskatchewan	.63
(b) employee only resident in Saskatchewan	2.31
(c) dependant only resident in Saskatchewan	1.72
(3) Employee with more than one dependant	
(a) all resident in Saskatchewan	.82
(b) employee only resident in Saskatchewan	3.33
(c) one dependant only not resident in Saskatchewan	1.91
(d) employee only not resident in Saskatchewan	1.91

EASTERN FEED GRAIN AGENCY

Question No. 1,271—**Mr. Latulippe:**

Does the government intend to comply with the request of the Farmers' Union to establish an eastern feed grain agency and, if so, when will the decision be made known?

Hon. Maurice Sauvé (Minister of Forestry): The notice of motion introducing the livestock feed assistance act providing for the creation of a Canadian livestock feed board has appeared in *Votes and Proceedings* No. 56 of the House of Commons of Canada, April 5, 1966.

SAFETY IN CONSTRUCTION FIELD

Question No. 1,272—**Mr. Latulippe:**

1. Has the government received a request from the president of the Confederation of National Trades Unions (CNTU) for an inquiry on safety in the construction field?

2. Has the federal Department of Labour specific regulations on this subject and, if so, what are they?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): 1. No such request has been received in the Department of Labour.

2. No.

CREDIT FOR FARMERS

Question No. 1,277—**Mr. Latulippe:**

Does the government intend to institute interest-free credit or credit at cost for farmers?

Hon. J. J. Greene (Minister of Agriculture): Credit is now provided to farmers through the Farm Credit Corporation at or below cost. If there should be any change in this policy, it will be announced.

NATIONAL DEFENCE—VISITS BY MINISTER TO N.S. BASES

Question No. 1,286—**Mr. McCleave:**

Have major bases in Nova Scotia been visited by the Minister of National Defence and/or the Associate Minister of National Defence and, if so (a) what bases (b) on what dates?

Hon. Paul Hellyer (Minister of National Defence): 1. The Associate Minister of National Defence has not yet visited any major bases in Nova Scotia. Those visited by the Minister of National Defence are listed below: HMC Dockyard, Halifax, January 22 and 23, 1964; HMCS *Stadacona,* January 22 and 23, 1964; HMCS *Shearwater,* January 22 and 23, 1964; HMCS *Cornwallis,* January 23, 1964; RCAF Station Greenwood, January 24, 1964.

DEFERMENT APPLICATIONS UNDER LABOUR CODE

Question No. 1,287—**Mr. MacInnis (Cape Breton South):**

Up to March 31, 1966, were any applications received by the Minister of Labour under section 52 (1) for the deferment of the operation of section 11 of the Canada labour code and, if so (a) how many (b) how many orders, if any, granting such deferment were granted by the minister (c) what were the names of those who made application (d) what were the names of those to whom the orders were granted?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Yes (a) 242 covering 279 establishments; (b) 29; (c) A list of these applications can be found in part I of the Canada Gazettes of August 28 at page 2,831, November 6 at page 3,623 and December 11, 1965, at page 4,071; (d) One general order respecting feed mills, feed warehouses and seed cleaning mills was published in the Canada Gazette part II of February 23, 1966; In addition orders were granted to the following: CJPM-TV Inc., CHSA-TV Ltd., CKRT-TV Ltée., CKTR (1958) Ltée, The Galt Broadcasting Company Ltd., Goodwill Broadcasters of Quebec Ltd., Radio Témiscamingue Inc., Sask-Alta Broadcasters Ltd., Abitibi Provincial Inc., Atomic Transfer Ltd., Central Truck Lines Ltd., Easson's Ltd., Gates and Watson Ltd., Husband Transport Ltd., J. Kearns Transport Ltd., The Patricia Transportation Co. Ltd. Pontiac Bus Lines Ltd., Nu-Way Express Ltd., Reimer Express Lines Ltd., Renfrew County Bus Lines Ltd., Rimouski Transport Ltée., Sarlon Coach Lines Ltd., Scott Interprovincial Truck Lines Ltd., S M T (Eastern) Ltd., Soo-Security Motorways Ltd., Star Delivery (Ottawa-Hull) Ltd., Western Canada Whaling Co. Ltd., Northern Telephone Ltd.

DEFERMENT ORDERS UNDER LABOUR CODE

Question No. 1,288—**Mr. MacInnis (Cape Breton South):**

1. How many orders of deferment or suspension of part 1 of the Canada labour code have been issued by the Minister of Labour under the provisions of section 51 of the Canada labour code up to March 31, 1966?

2. What are the names of the applicants to whom such orders apply, and what is the respective period of deferment or suspension in each case?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): 1. 7.

2. One general order respecting flour mills, feed mills, feed warehouses and seed cleaning mills was published in the *Canada Gazette,* Part II of February 23, 1966. This order defers the operation of part I of the Canada Labour (Standards) Code for a period of eighteen months from the 1st day of February, 1966. In addition, orders were granted deferring the operation of Part I to the following for the periods hereinafter set out: Canadian National Railways (longshoremen employed at ferry terminal, North Sydney, N.S.) 18 months from October 1, 1965. CKRT-TV Ltée., to December 31, 1966; Goodwill Broadcasters

of Quebec Ltd., to September 30, 1966. Mystery Lake Broadcasting Ltd., to December 31, 1966. Sask-Alta Broadcasters Ltd., to December 31, 1966. CKSA-TV Ltd., to December 31, 1966.

APPLICATIONS UNDER SECTION 9(1) OF LABOUR CODE

Question No. 1,289—**Mr. MacInnis (Cape Breton South):**

As of March 31, 1966, were any applications received by the Minister of Labour under section 9 (1) of the Canada labour code and, if so (a) how many (b) what were the names of the applicants (c) with respect to such applications, how many permits were issued (d) what are the names of the applicants to whom such permits were issued?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Yes. (a) Thirteen (b) Atomic Energy of Canada Limited, Pan American World Airways, Inc., Saskatchewan Wheat Pool, Stanrock Uranium Mines Limited, The St. Lawrence Seaway Authority, The Bell Telephone Company of Canada (c) Eleven (d) Atomic Energy of Canada Limited, Pan American World Airways, Inc., Saskatchewan Wheat Pool, Stanrock Uranium Mines Limited, The St. Lawrence Seaway Authority.

INQUIRIES UNDER LABOUR CODE

Question No. 1,290—**Mr. MacInnis (Cape Breton South):**

Were any inquiries initiated under the provisions of section 51, subsection 2 of the Canada labour code up to March 31, 1966 and, if so (a) how many (b) in how many such cases has the governor general in council deferred or suspended the operation of part 1 of the Canada labour code (c) what are the respective federal works, undertakings or businesses and classes of employees therein, with respect to which such orders in council have been made?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): No inquiries were initiated under the provisions of subsection 2 of section 51 of the Canada Labour (Standards) Code up to March 31, 1966.

APPOINTMENT OF LIEUTENANT GOVERNORS

Question No. 1,291—**Mr. Bell (Carleton):**

1. What is the accepted technique whereby the Governor General is advised in respect of the appointment of Lieutenant Governors and/or provincial administrators?

2. How long has this technique been in use?

3. Has any other technique been used?

4. If so, what techniques and on what specific occasions?

[Mr. Mackasey.]

5. Has any Lieutenant Governor ever been appointed pursuant to an instrument of advice?

6. If so, what Lieutenant Governors, and when were they appointed?

Right Hon. L. B. Pearson (Prime Minister):

1. Minute of council.

2. Since July 1, 1867.

3. No.

4. See answer to part 3.

5. No.

6. See answer to part 5.

SECOND NEW ENGLAND-NOVA SCOTIA FERRY SERVICE

Question No. 1,292—**Mr. Bower:**

1. Has the Department of Transport received the Margeson report on a second New England-Nova Scotia ferry service?

2. If so, what action is being taken to provide a more comprehensive service?

3. When is it estimated that this service can be put into effect?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. No.

2 and 3. Not applicable.

DISCREPANCY IN RE-ENLISTMENT BONUSES

Question No. 1,294—**Mr. Smith:**

Is the government giving consideration to a plan permitting airmen and sailors to re-enlist at the end of the third year of their first five year enlistment period so that the apparent discrepancy between soldiers on one hand, and airmen and sailors on the other hand, in the payment of re-enlistment bonuses may be removed?

Hon. Léo Cadieux (Associate Minister of National Defence): Effective 1 May, 1966, the enlistment and re-engagement period for soldiers, other than apprentices and junior bandsmen, will be five years. The five year period will then be standard throughout the Canadian armed forces.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ADVERTISING AGENCIES

Question No. 112—**Mr. Ormiston:**

1. What are the names of all advertising agencies used by the federal government and crown corporations in the fiscal year 1962-1963?

2. What remuneration did each advertising agency receive during the fiscal year 1962-1963 and from what parliamentary votes were funds made available?

3. What are the names of all advertising agencies used by the federal government and crown corporations since April 22, 1963?

4. What has been the total remuneration received by each of the advertising agencies used by the federal government and crown corporations from April 22, 1963 to date, and from what parliamentary votes were these funds made available?

Return tabled.

BILINGUAL NAMES OF GOVERNMENT COMPANIES

Question No. 187—**Mr. Caouette:**

1. What are the government companies or organizations which have no bilingual names as yet?

2. What are those which have received a bilingual name during the last five years?

3. Does the government intend to translate into French the names of the corporations which still have only an English name?

4. Can an act of parliament compel the companies incorporated by letters patent to adopt a bilingual name?

Return tabled.

RECOMMENDATIONS OF FAUTEUX COMMISSION

Question No. 243—**Mr. Groos:**

Of the Fauteux commission recommendations numbered 1 to 44 which recommendations have been implemented and which have not been implemented?

Return tabled.

RESEARCH INTO WATER AND AIR POLLUTION

Question No. 555—**Mr. Barnett:**

1. What departments or agencies of the federal government are conducting research into (a) water pollution control (b) air pollution control?

2. What amounts for each of the last five fiscal years (including an estimate for the current fiscal year) have been spent by each of these departments or agencies in each of these fields of research?

3. What amounts in each of these fiscal years for these fields of research have been paid by the federal government to bodies other than departments or agencies of the federal government?

4. What are the names of such bodies and, of such amounts (a) what amounts are included in the figures requested above (b) what amounts are in addition to the figures requested above?

Return tabled.

STUDIES OF WATER POLLUTION

Question No. 688—**Mr. Fulton:**

1. How many branches or agencies of the federal government, including crown companies, are engaged in the study and/or control of the pollution, use, or disposition of the waters of Canada, with respect to fresh water, rivers and lakes as distinguished from the oceans and seas?

2. What is the name or description of each such branch or agency, to what department or ministry does it report, and under what statutory or other authority does it operate?

3. What is the same information as requested in parts 1 and 2 with respect to the oceans and seas?

4. Is there a cabinet committee on water use policy and, if so, when was it constituted?

Return tabled.

NATIONAL CAPITAL GREEN BELT

Question No. 792—**Mr. Bell (Carleton):**

1. What is the total acreage, as now defined, of the green belt in the national capital region?

2. Of this total acreage, how many acres have been (a) acquired and the former owners paid in full (b) acquired but settlement of price still under negotiation or other proceedings, except court proceedings (c) acquired but settlement of price still under consideration in court proceedings?

3. What is the total number of individual properties involved under each of the headings (a), (b) and (c) of part 2?

4. Are there any properties within the now defined limits of the green belt which have not been acquired by purchase or expropriation?

5. If so, where are these properties located and who is the owner in each case?

6. What properties within the green belt have been resold, specifying location of each and to whom sold, the acreage sold, and price of each sale?

7. What properties within the green belt have been leased for terms beyond five years, specifying location of each such demised property, lessee, acreage demised and terms of lease?

8. What is the total amount expended to date in the acquiral of the green belt?

9. What is the estimate of the remaining cost of acquiring the green belt?

Return tabled.

ALLOCATION OF SITES, NATIONAL CAPITAL GREEN BELT

Question No. 793—**Mr. Bell (Carleton):**

1. Referring to part I of the sixty-fifth annual report of the National Capital Commission at page 12, what sites in the greenbelt, giving description in detail, have now been allocated for (a) recreational purposes (b) government purposes (c) reforestation purposes (d) conservation purposes?

2. What areas have been set aside for use by the city of Ottawa for garbage collection?

3. What area has been marked for development by the township of Nepean (a) as a community centre (b) as a municipal forest park?

4. With whom did the National Capital Commission consult before making these allocations setting aside, or marking for development?

Return tabled.

Orders for Returns

PERMITS FOR PESTICIDE USE

Question No. 897—**Mr. Dinsdale:**

1. Are permits required for the use of certain pesticides on Canadian farms?

2. What pesticides require such permits?

3. Who issues the permits?

4. What research is underway in Canada with respect to the use of pesticides?

5. Are pilots engaged in crop dusting required to hold a chemical rating?

Return tabled.

ONTARIO—LOANS AND GRANTS FOR SCHOOL CONSTRUCTION

Question No. 902—**Mr. Stanbury:**

1. What amounts were paid by the federal government in each of the years 1960-65 inclusive toward construction and equipment of schools in (a) the townships of Scarborough, North York and Markham respectively (b) the town of Leaside (c) the village of Markham?

2. What amounts were so paid in each of those years toward construction, equipment and operation of universities in each of those municipalities?

3. How much of each such amount was paid by way of (a) loan and (b) grant?

4. What were the general terms of any such loans?

Return tabled.

N.C.C. EXPENDITURES, PONTIAC COUNTY, QUE.

Question No. 924—**Mr. Lefebvre:**

1. What federal funds were expended by the National Capital Commission in the county of Pontiac, P.Q., since its inception under its present name for each year to date?

2. What major projects did the commission sponsor in 1964 and 1965?

3. What is its major project for 1966 in Pontiac and what sum has been allocated for this project?

4. How many employees will be needed by the N.C.C in Pontiac during 1966?

5. How are such employees hired?

6. What rate per hour is paid by the N.C.C. for labourers and tradesmen?

7. What are the boundaries of the N.C.C. in the county of Pontiac?

Return tabled.

RATING PERCENTAGE FOR BILINGUALISM

Question No. 944—**Mr. Bell (Carleton):**

1. Has the civil service commission established a procedure whereby up to 10% of the total selection rating score is being accorded to bilingual proficiency in certain areas?

[Mr. Bell (Carleton).]

2. If so (a) when was this procedure established (b) pursuant to what authority (c) in what areas (d) does the procedure have the approval of Her Majesty's ministers?

3. Have instructions of a similar nature been given to commission officers or other public servants performing selection duties under delegated authority of the commission?

4. If so, what in detail is the nature of the instructions?

5. Were the staff organizations consulted before the procedure was established?

6. If so, when, under what circumstances, and with what result?

7. If not, for what reason?

8. Upon what basis of evaluation was the percentage of 10 chosen rather than another percentage?

9. Since the establishment of the procedure, what competitions have been held pursuant to the procedure, and what was the competition number in each case?

10. In each of these competitions, how many of the applicants (a) were bilingual (b) spoke one language only?

11. Who was the successful candidate in each competition?

Return tabled.

CONSTRUCTION OF FEDERAL BUILDINGS, OTTAWA-HULL

Question No. 963—**Mr. Choquette:**

1. How many federal buildings have been built in the Ottawa-Hull region since 1955?

2. What was the estimated cost?

3. What was the actual cost?

Return tabled.

CENTENNIAL PROJECTS, MARITIME PROVINCES

Question No. 1,121—**Mr. Dubé:**

What centennial projects in (a) New Brunswick (b) Nova Scotia, and (c) Prince Edward Island, have been approved by the centennial administration?

Return tabled.

WINTER WORKS, MONTMAGNY-L'ISLET

Question No. 1,209—**Mr. Berger:**

1. In the constituency of Montmagny-L'Islet, what municipalities were assisted by the winter works program during 1965-66?

2. What was the nature of the works performed?

3. What amount was spent for each program?

Return tabled.

WINTER WORKS, GATINEAU COUNTY, QUE.

Question No. 1,239—**Mr. Isabelle:**

Have any municipalities in the county of Gatineau been assisted under the winter works program

for 1965-66 and, if so (a) which ones (b) what was the nature of each project (c) what amount of money was spent on each project? (d) what amount did the federal government contribute for each project?

Return tabled.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Béchard: Mr. Speaker, notice of motion for production of papers No. 116 is accepted by the government.

I ask that the remaining notices of motions be allowed to stand.

Motion agreed to.

[*English*]

BILINGUALISM IN CIVIL SERVICE

Motion No. 116—**Mr. Loney:**

That an order of the house do issue for a copy of all correspondence and telegrams received by the Prime Minister and the Minister of Public Works and replies thereto on the subject of bilingualism in the civil service since the 1st of January, 1966.

Motion agreed to.

INDUSTRY

NEWFOUNDLAND—CLOSING OF IRON MINE

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the Minister of Industry. May I ask the minister whether he is aware of the statement in today's press by Mr. J. E. Chubb, president of Dosco Industries Limited, that the Wabana ore mine in Newfoundland will cease operations on June 30. If so, what steps have been taken by the minister's department or what steps will be taken by the government to try to retain this industry? Finally, Mr. Speaker, have any consultations been held between the government and the corporation concerned on this very serious matter?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I am aware of the prospective closing of the mine at Bell Island recently announced by Mr. Chubb. I may say that for some time the government, and by that I mean principally the Department of Industry, has been assisting in the search for techniques to beneficiate the Bell Island ore in such a way that it can be marketed. Unfortunately the decline over the last nine months in world prices for iron ore has made this further pursuit impracticable, and has made economically necessary the closing of the mine at Bell Island.

Inquiries of the Ministry

We have been in consultation with the government of Newfoundland. At the present moment there is a meeting going on with representatives of various departments of the federal government with a view to providing urgently the best possible solution to the problems of the inhabitants of Bell Island.

Mr. Muir (Cape Breton North and Victoria): May I direct a supplementary question to the future minister of manpower. What steps will be taken by his department and by the government to assist the 850 employees who will be left unemployed in this situation, which is another in the series of economic blows to the Atlantic provinces?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, we shall immediately advise our national employment service in Newfoundland, and we shall try to do all we can to help these workers.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question to the Minister of Industry. May I ask the minister whether the closing of the mine in Bell Island is due to the grade of the ore. The general demand for iron ore has not lessened materially. Has this closing to do with the grade of the iron ore? If so, is any research being done to see whether this particular grade of ore can be used?

Mr. Drury: It is because of the nature of the ore, and particularly its high content of sulphur. Research directed toward beneficiating this ore, which I have mentioned, has been carried out. It has not, however, been possible, because of the decline generally in the price of iron ore throughout the world to get the cost of removing the sulphur content down to an economically acceptable level.

Mr. Heath Macquarrie (Queens): Could I ask the Minister of Labour what representations he has received from the premier of Newfoundland in reference to this most unfortunate and deplorable situation, and what suggestions he is making with respect to federal initiative in providing economic assistance to this area whose economic prospects have now been rendered so bleak?

Mr. Drury: I have discussed this matter with my colleague in the cabinet from Newfoundland and with other ministers. We have given the matter considerable thought. When there is anything concrete to be announced, an announcement will be made.

Inquiries of the Ministry

FINANCE

EFFECT OF POSSIBLE U.S. TAX ON TOURISTS

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): A question to the Acting Prime Minister or to the Minister of Finance, as the case may be. Has the minister or the government been advised of the rumour which is circulating in the United States press and which has now appeared in the Canadian press, to the effect that the United States government may be considering a tax on United States tourists going abroad; and has the government considered the possible effect this might have on Expo '67? Would the minister tell us, too, what representations may have been made to the United States government in the light of these circumstances?

Hon. Mitchell Sharp (Minister of Finance): I should like to assure the hon. gentleman and the house that there is the closest possible consultation between Canada and the United States on all aspects of the balance of payments problems of our two countries. I can tell the hon. member that this particular matter which is mentioned in a newspaper article this morning has not been raised by the United States in its discussions with us.

Mr. Lambert: Has the minister become aware of this report from sources other than the press? Is this subject upon which there has been any informal discussion? Has it been brought to the hon. gentleman's attention as a possible means of solving certain balance of payments problems?

Mr. Sharp: This idea of a tax on tourists is not new; it was put up as a trial balloon some time ago. But I wish to assure the hon. gentleman that it has not been raised between the United States administration and ourselves.

Mr. Lambert: One final question. What would be the attitude of the government if such a step—

Mr. Speaker: Order. The question is hypothetical.

CANADIAN BROADCASTING CORPORATION

SUGGESTED ARBITRATION OF DISPUTE WITH EMPLOYEES

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I wish to ask the Secretary of State whether in view of the proposed strike of C.B.C. producers she would suggest to the president of the Canadian Broadcasting Corporation that he agree to arbitration of the dispute between the corporation and its employees in order to arrive at an equitable settlement and avoid what could be a crippling strike.

Hon. Judy V. LaMarsh (Secretary of State): In the first place, I hope there will not be any strike, and that the differences between management and some of the employees will be resolved within the administration. I was informed that the statement put out by the producers was conveyed to the president of the board of the C.B.C. at the meeting in Halifax this week, but due to some error in transmission the telegram was not received there until about one o'clock today. Up to the time I entered this chamber I had heard nothing of the response made by the board.

Yesterday when the leader of the New Democratic party raised the question of arbitration the vice president of the corporation was present in the official gallery of this chamber, and I understand he transmitted the essence of the question to the president. I would hope that notwithstanding the heat engendered on all sides the management will be able to resolve this matter, as in the past, without any disruption of viewing or programming in any way.

Mr. Orlikow: Should it become obvious that this matter will not be resolved without a strike, is it the minister's intention to leave this question to the corporation, or will she take some active part in giving a lead to the corporation so as to avoid what might be a serious situation?

Miss LaMarsh: I suppose the reason for the rule about not answering speculative questions is that it is so very difficult to give an adequate answer.

[*Later:*]

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to direct a supplementary question to the Secretary of State.

Should the C.B.C. be faced with a strike following the dismissal of two employees from that Corporation, would not the minister feel that such a strike would be welcome?

Mr. Speaker: Order. The hon. member is basing his question on a hypothetical situation, and therefore it cannot be accepted.

Mr. Caouette: Mr. Speaker, my question will be very simple. Would not the minister believe that, in the present circumstances, in the case of the C.B.C., it would be time to accept the strike in order to clean up the C.B.C.?

[*English*]

Mr. Speaker: Order, please. The hon. member for Red Deer.

LABOUR RELATIONS

ONTARIO—REQUEST FOR INTERVENTION IN TRUCKING STRIKE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I believe my question is of great national urgency, and I direct it to the Minister of Labour. In view of the 13 week old teamsters strike, in view of the breakdown in talks with the seaway workers, and in view of the threatened rail strike, I would ask the minister whether he has made a reply to or considered the appeal that was made to him this morning by the teamsters union members in regard to the critical situation concerning that strike, an appeal for intervention on the part of the federal government.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I hesitate to say it because my hon. friend is usually so accurate in his statements, but no such representations were made to me today, nor have I heard of any today.

Mr. Thompson: Mr. Speaker, supplementary to my original question to the Minister of Labour, even though he may not have received this appeal, which I understand was made to both the provincial and federal governments, could the minister inform us whether his department is taking any initiative to bring this transport situation under control or arbitration?

Mr. Nicholson: A board of arbitration already has been set up. It has made its recommendation in this particular case. This board was sponsored jointly by the federal and provincial governments. The strike resulted from the fact that the report of the board of conciliation was not accepted by the union. The federal government has been working with the provincial government in respect of negotiations concerning the truckers' strike. We had hoped the strike would be settled over the Easter week end. Difficulties, however, have intervened, and I am hopeful negotiations will be resumed at a relatively early date. I cannot go beyond that today.

Eight of the 12 members of the bargaining team for the unions approved of the terms of a settlement and said they would recommend it to the membership. When the vote came the union truck drivers in eastern Ontario voted to accept the settlement. However, the majority of the truck drivers in Ontario voted against it. Negotiations have not been resumed yet, but I am hopeful they will be at an early date.

HOUSING

REPORTED SHORTAGE OF MORTGAGE MONEY

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Labour and has to do with a number of representations I have received regarding N.H.A. builder loans not being available. One of the representations from Ottawa is to the effect that the situation is critical. One company has laid off 58 men, and if money is not available shortly another 62 men must go. This is so across the country, as to the seriousness of the situation regarding moneys not being available for N.H.A. housing. What has the minister to say in this regard?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, through C.M.H.C. the government is making moneys available comparable in amount to what was made available last year. The problem arises out of the fact that notwithstanding an increase from 6¼ per cent to 6¾ per cent in the rate at which C.M.H.C. can guarantee loans by approved lenders, and the fact that in the six or eight weeks following the increase such loans increased, private investors now seem to find other investments much more attractive. It is not that the government is not putting up the same amount of money. One or two approved lenders are putting up more, but the great majority are not, and the matter is under study in the light of the representations that have been made.

Mr. Diefenbaker: I thank the minister for a very full explanation and ask him what is the government doing to meet the situation. I have mentioned this Ottawa case. Of course I cannot go into detail on orders of the day, but men are being laid off because of the

shortage of mortgage moneys. What is the government's plan? What is it canvassing? What ideas has it to meet a situation that is apparently nation wide and serious?

Mr. Nicholson: The problem seemingly has become nation wide within the last few weeks due to the fact that builders have not been able to get funds from the private sources from which they were receiving them for a number of years. The situation to which the right hon. gentleman has referred is becoming more acute and the matter is receiving active consideration at the present time.

Mr. G. L. Chatterton (Esquimalt-Saanich): As a supplementary question, can the minister give an assurance that if the situation becomes even worse, as is certainly anticipated in British Columbia, more direct loan money will be made available by the government?

Mr. Nicholson: That is a question of government policy which will have to be announced in due course. It depends in part on whether the winter works housing incentive program will be extended for another year.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to direct a supplementary question to the Minister of Labour.

Is the Central Mortgage and Housing Corporation now able, under the present legislation, to get funds from the Bank of Canada to help finance the construction of houses or the construction—

Mr. Speaker: Order. That is an argument rather than a real question.

Mr. Caouette: On a point of order. Is it not in order to ask the minister if the Central Mortgage and Housing Corporation has the right to get or borrow funds from the Bank of Canada to build houses or buildings?

Mr. Speaker: That question is out of order. The hon. member is asking for the explanation of a point of law, a legal opinion. That is why it cannot be accepted.

Mr. Caouette: I am not mentioning a point of law. I am simply asking if the Central Mortgage and Housing Corporation has the right—

Mr. Speaker: Order. That question is out of order.

[Mr. Diefenbaker.]

[*English*]

SPORTS

FEDERAL SUPPORT FOR APPLICATION FOR OLYMPIC GAMES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I would like to ask a question of the Minister of National Health and Welfare. I directed a notice to the Prime Minister's office, and I understand it has been passed on to the Minister of National Health and Welfare. My question is in the field of international affairs, but it does affect the minister's department.

Would the minister advise the house what support, personnel, monetary and otherwise, his department has assured to the Canadian Olympic committee to assist them in their successful bid before the international committee in Rome for the 1972 winter games to be held in Banff, Alberta, in view of the fact that such a successful bid will broaden Canada's image as a trading nation and as a nation known for its winter sports resources.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the government of Canada is extending every possible support to the application for these games.

Mr. Woolliams: How much?

Mr. MacEachen: At the moment I cannot give my hon. friend the exact figure, but at present I am discussing with members of the government the most effective way in which the views of the government of Canada on this matter can be presented to the meeting of the Olympic committee this week end and next week in Rome. Just as soon as a decision has been reached on the question I will be glad to communicate it to my hon. friend.

Mr. Woolliams: May I ask a supplementary question, Mr. Speaker. Would the minister tell us what personnel from his department are going to assist the committee, or perhaps the minister for external affairs will tell us what personnel from the Department of External Affairs would be going over to assist the Canadian committee.

Mr. Speaker: Order. I do not think it is a matter of national urgency to find out who the people would be on the delegation. I suggest the hon. member might be able to obtain that information in some other way.

Mr. Woolliams: Is the department sending personnel to support the committee?

Mr. MacEachen: Mr. Speaker, the Canadian ambassador at Rome is being fully briefed at the present time with regard to the views of the Canadian government, so that at the appropriate time if necessary he may be able to present those views. In the meantime some consideration is being given to whether it might be possible for a member of the government to be present in Rome.

Mr. Woolliams: I would hope so.

Mr. MacEachen: I have to consider whether it might be possible for me to go, and if I am able to make arrangements I will let my hon. friend know.

EXTERNAL AFFAIRS

RHODESIA—USE OF FORCE AND SUCCESS OF EMBARGO

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct my question to the Acting Prime Minister, the Secretary of State for External Affairs. With regard to the apparent worsening of the situation in Rhodesia, will the government give assurance to the house that Canada will not resort to force without parliament being given the opportunity to give consideration thereto?

Second, in connection with the blockade and the embargo which is in effect, to what extent is the embargo successful? I ask this because I have before me an advertisement for corned beef, a product of Rhodesia, which apparently is coming into Canada because of the tremendous increase in food prices in this nation. Has the government made any representations in this connection, and is the embargo being enforced?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the embargo is being enforced; the embargo is successful. I will look into the particular story—

Mr. Diefenbaker: Advertisement.

Mr. Martin (Essex East): —to which the right hon. gentleman directs our attention, but I have no hesitation in saying the embargo is very successful.

With regard to the first part of the question, as is known the Security Council by a resolution of April 9, acting under chapter 7, has imposed a mandatory obligation on all member states of the United Nations with regard to a particular situation, namely the diverting of ships carrying oil destined for consumption in Rhodesia. What other action may be taken by the United Nations is, of course, a matter which would depend on events.

The action thus far taken under chapter 7 seemingly is proving effective for the purpose intended. Under the National Defence Act practice there is an obligation that Canada will not send substantial numbers of troops outside the country without seeking the approval of parliament. If that kind of action were in contemplation, and I do not believe it is, the Canadian government would, of course, observe the practice of that act. The kind of force which is envisaged, however, I hope would not be of that order.

Mr. Diefenbaker: Mr. Speaker, I have another question. Then is it perfectly clear that there will be no Canadian troops sent regardless of any UN declaration, without parliament making the affirmative determination?

Mr. Martin (Essex East): I do not wish to give the impression that the government has any reason to believe there is any likelihood of a request being made of Canada for the dispatch of troops in respect of this situation in Rhodesia. I do not believe that kind of situation is in contemplation. The kind of force which is envisaged under chapter 7 could be an extension of the economic sanctions in addition to oil as now provided for in the mandatory direction given by the security council.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, may I ask a supplementary question. In view of the situation which has come up, and since the house is faced with the possibility of sending troops, would the minister consider sending an all party delegation to that country to assess the situation there and also in Zambia?

Mr. Speaker: Order, please.

[*Translation*]

Mr. Langlois (Mégantic): Mr. Speaker, I rise on a point of order. I believe that this question could be put differently, and thus be acceptable to the minister. Would the minister consider favourably a recommendation from the external affairs committee to the effect that the committee should go there before an untenable situation develops?

Mr. Speaker: That question is based on a hypothetical situation which is not under consideration at this time.

Inquiries of the Ministry

[*Translation*]

INQUIRY FOR RETURN

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, may I ask a question of the Secretary of State, or perhaps of her Parliamentary Secretary, to whom I gave notice of my question?

On February 2, the house issued an order for return concerning the correspondence exchanged between the provincial Department of Highways and the Corporation of the Trois-Rivières Bridge. I would ask the minister or her parliamentary secretary when I can expect those papers which I have not heard about since then?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, since I think I am responsible for this return perhaps I might be allowed to say that I am trying to get the very voluminous documents ready as quickly as I can.

EXPO '67

REFUSAL OF PERMISSION TO RECORD R.C.M.P. BAND

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address two questions to the Minister of Labour, as a firm supporter of organized labour but also as a proud Canadian. My question arises out of the answer the minister gave with respect to the right of the R.C.M.P. band to record in Canada. My first question is, does the government agree with this decision of the international headquarters of the musicians union? My second question is, if not, would the minister consider discussing this matter with his opposite number in the United States in order to provide appropriate guide lines to meet this type of situation?

Mr. Speaker: Order, please. This question can be placed on the order paper.

CANADIAN CENTENIAL

INQUIRY AS TO ORGANIZATION OF YOUTH PARLIAMENT

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, my question is to the Secretary of State. Has the centennial commission yet forwarded to the minister a satisfactory proposal for a centennial youth parliament; and if so, when might the house expect an announcement in this regard?

Hon. Judy V. LaMarsh (Secretary of State): I had forwarded to me by the centennial commission Mr. Fair's report, which was not satisfactory to the centennial commission nor to myself. Since that time I have had a number of conversations with Commissioner Fisher and other interested people, and have asked for a memorandum from various individuals. During the last week or so I have been considering the possibility of inviting a group representing all parties in the house to meet with me to lay out some guide lines in this regard—

Some hon. Members: Hear, hear.

Miss LaMarsh: —because I feel that a youth parliament is itself an extremely good idea, but the work that has been done so far is far too ephemeral; it does not give us any basis on which to proceed. It might be that if all parties have interested members I would ask the government house leader or the whip to consult with their opposite numbers and obtain the names of those interested so we might talk about the question with a view to having a youth parliament in 1967, not in 1977.

Mr. Forrestall: A supplementary question, Mr. Speaker. Several weeks ago I asked a similar question of the Secretary of State, and whether any additional proposals had been presented to her at that time. She told me there had been. Since proposals other than that of Mr. William Fair have been presented to the Secretary of State, I wonder whether she has considered them as well.

Miss LaMarsh: Yes, Mr. Speaker, there was one produced by the centennial commission, which I found not much more satisfactory. The real difficulty is what responsibility, if any, sitting members of this house ought to have in the selection of the personnel and agenda for such a parliament. This is why I feel it might be useful if representatives of all parties had an opportunity to discuss it.

NATURAL GAS

U.S. HEARING ON TRANSMISSION BETWEEN CANADIAN POINTS

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, yesterday I asked a question of the Prime Minister in the absence of the Minister of Trade and Commerce, but I think

my question should be directed to the Minister of Mines and Technical Surveys since I have now discovered that he is responsible for the National Energy Board.

What concerns me are the hearings before the United States federal power commission with regard to the transmission by a Canadian company of western Canadian gas for consumption in eastern Canada, but subject to United States federal power jurisdiction and contending American interests. Just what action is the Canadian government taking in this regard?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): Mr. Speaker, I was about to answer this question. The energy counsellor of the Canadian embassy in Washington is attending these hearings of the federal power commission in the United States and is keeping our officials in Ottawa informed of their progress. The status of the energy counsellor is that of observer, since it is not the normal practice of the government of Canada to intervene or to be formally represented in such regulatory proceedings in the United States.

Mr. Lambert: Is it the intention of the government of Canada to make any representations to the government of the United States with regard to this question of the transmission of Canadian gas for Canadian consumption?

Mr. Pepin: Not to my knowledge, Mr. Speaker. A similar hearing, as the hon. member knows, took place in Canada before the National Energy Board, and a decision will be rendered on that hearing in the coming weeks.

Mr. Lambert: A further supplementary question—

Mr. Speaker: Order, please. The hon. member for Charlevoix (Mr. Asselin).

[*Translation*]

LABOUR CONDITIONS

QUEBEC—SUNDAY WORK IN PAPER MILLS

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I have a question for the Minister of Justice.

The Quebec government has decided to authorize Sunday work in Quebec pulp and paper mills. I would like to know whether the Quebec government consulted with the federal authorities of the Department of Justice before arriving at its decision?

Mr. Speaker: Order. I suggest to the hon. member to put his question on the order paper.

[*English*]

NORTHERN AFFAIRS

CONSTRUCTION OF REPLICA OF "GRANDE HERMINE" FOR EXPO '67

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, my question is to the Minister of Northern Affairs and National Resources. Due to the fact that the minister has announced the construction of a replica of the *Grande Hermine* and that it will be berthed eventually at the Cartier-Champlain park, Quebec city will the minister now consider rescinding that decision because of the complications in getting it on site, and find it a haven at Gaspé, the birthplace of Canada?

Mr. Speaker: Order, please. Hon. members will be interested in reading about the *Grande Hermine* on the order paper.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 19, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, may I first congratulate the Minister of Finance on his first budget speech, both as to its presentation and content. The amendment before us is obviously an attempt, a very hard attempt, to find something that is wrong with something that is very good and a budget that is very much required for the very tricky economic conditions that we have in Canada today. I want to devote the whole of my speech to considering that budget in the light of the four western provinces of Canada. I make no apology for speaking on behalf of the four western provinces, the fastest growing and most exciting provinces of Canada.

During the course of the minister's speech he referred to the question of tariff policy for Canada and the Kennedy round of tariff negotiations being sponsored by the members

of GATT. The Kennedy round seems to me to have almost become bogged down in a round of endless negotiation and discussion and, as the Minister of Finance very rightly warned us, the powers accorded the United States government by the U.S. Trade Expansion Act expire in 1967.

I know the minister will give every impetus to our Canadian negotiations to assure that the Kennedy round is as successful as possible in causing multilateral reductions of tariffs and the creation of freer and more liberal trade. The minister said in his speech, as reported at page 3376 of *Hansard*:

> But at a time when we are engaged in one of the largest international tariff negotiations in our history I think the house will appreciate the desirability of using whatever tariff reductions we contemplate to help us obtain better access to foreign markets for our own exports.

• (3:20 p.m.)

With that statement, Mr. Speaker, I am in general agreement, particularly when we look at our markets in Europe and the United States. However, I should like to draw the minister's attention to one area of the world to which I think this tariff program is not necessarily applicable, namely, the numerous so-called Pacific rim areas, Japan and the underdeveloped areas of Southeast Asia. I suggest that to have access for Canadian products to these markets it is not necessary for us to engage in bilateral tariff negotiations. We in Canada have traditionally been oriented to our Atlantic and European markets. This suggestion is not new with me. Our trading policy in Canada must also be oriented to the vast potential markets of the Pacific ocean area. Access to these markets for Canada, unlike our traditional markets, is not so dependent upon international tariff negotiations.

To gain access to this area we would not have to engage in bilateral or multilateral tariff negotiations. I suggest they play a minor part, and rather more important is that our foreign policy generally and our foreign aid and credit policy specifically must be complementary to our trading policy. As an export market for the raw materials, the mineral concentrates, potash—I compliment the minister for removing the tax on potash extraction—chemicals, the wheat and grain products of western Canada, we do not believe that eastern Canada and the Atlantic community provide the answer but we look rather across the ocean to Japan, southeast Asia and western Latin America.

[Mr. Basford.]

We on the west coast are bordering on one of the most populous regions of the world. As the underdeveloped Asian countries develop, their need for raw materials and manufactured products will be immense. In western Canada we want to assure that Canada fills a high proportion of those needs.

Surely it is in Canada's interest to do everything possible to realize the potentials of trading into this area. In order to do so we must undertake a realignment of some of our traditional trading patterns, and I want to make three specific recommendations. We have, as stressed by the minister, a difficult and dangerous balance of payments problem with the United States which must be solved. In referring to longer term solutions to our balance of payments problem the minister said, as reported on page 3379 of *Hansard*:

> Our basic approach is twofold; first, through industrial, commercial and manpower policies, to adapt the structure of the Canadian economy to exploit effectively the most rapidly growing markets at home and abroad;

As an aside, Mr. Speaker, I almost wish he had said we would use industrial, commercial, manpower, water and transportation policies to adapt the structures of the Canadian economy to exploit all of these markets. It certainly seems to me, at this particular time, that it is idle chatter to discuss the export and sale of western Canadian water which is going to be needed in the four western provinces for the agricultural and industrial development of western Canada.

I suggest that possibly the most rapidly growing markets abroad are in industrial Japan and the developing nations of southeast Asia. I suggest to the minister that many of the products we now buy from the United States, and which contribute to our balance of payments problem, could well be bought from Japan, a country with which we have an overwhelmingly favourable balance of trade. I should like to quote briefly from the *Journal of Commerce*, an important western publication for March 26, 1966, in which the changing pattern of Pacific trade is discussed. The *Journal* said:

> These products are finding an increasingly important place—

Referring to the new products coming from Japan.

> —in western Canadian markets. They range from motorcycles and automobiles to heavy tractors; from small upright drills to large turret lathes; from insulators to electric generators; from steel plate to huge diameter pipe.

At the same time, Japan has become an important market for Canadian raw materials, as well as finished and semi-finished goods. Japanese industry is teaming up with Canadian investors to explore and develop many resources, thereby putting mines, pulp mills and other industries here into full production.

In 1964, Mr. Speaker, only 9 per cent of Canada's textile imports came from Japan, only 4 per cent of our sundries came from the same source and Japan supplied only 2.3 per cent of our total Canadian imports. Even in view of these surprisingly low figures and our continuously favourable trade balance with Japan as well as our dangerous imbalance with the United States, Japan is asked to impose upon itself voluntary quotas on its exports to Canada. I suggest that this is principally in order to allow some of our marginal and often antiquated industries to continue to struggle along.

Canada's trade with Japan last year amounted to $350 million in exports and $220 million in imports, leaving a trade balance in our favour of $130 million. These are the latest available 1965 estimates. In line with the minister's policy announcement of taking industrial, commercial and manpower policies to exploit effectively the most rapidly growing markets abroad, and since Japan is one of those markets, I recommend to him in the strongest possible terms the immediate removal of voluntary quotas on Japanese imports to Canada and the removal of other tariff impediments to Japanese trade. Japanese-Canadian trade, Mr. Speaker, is good for Canada. We should remove immediately any impediments to that trade.

As a second specific recommendation, it seems to me that many of our industrial and commercial concerns are afraid of the impact upon their business of the importation of products from abroad without tariff protection. It is trite to say that trade is a two way street and in order to sell we must buy. It is understandable that the owners of businesses which will be affected by increased importations, and the workers in those industries, would be concerned about the future and security of their capital or of their jobs.

I think that we in Canada have not yet developed the proper techniques for dealing with this problem. President Kennedy's trade expansion act, which was designed to provide a lowering of United States tariffs and to bring about increased imports into the United States, provided machinery by which the government could assist those industries and those jobs affected by lower tariffs. I recommend to the minister that we in Canada must also develop similar techniques. In recommending increased imports from Japan, for example, I am not unmindful of the problems, or at least the concern, created, for example, in the Canadian textile industry. We must develop machinery to assist those people who would be affected or who think they would be affected.

This government's labour mobility program and other programs, for which I compliment them in that they are new, imaginative programs, will be of some help in this connection. However, I believe we must go farther than the existing policies in assisting the relocation of capital and of jobs that will be affected by freer trade. We need newer techniques to eliminate the understandable human concern of some people for the future of their business or of their jobs. We need also a policy directly aimed at assisting capital and workers in moving from one productive process to another.

Third, Mr. Speaker, in order to develop our export markets to the fullest it is essential that we develop transportation policies and facilities that can get the products of western Canada to those markets of the Pacific Ocean area speedily, cheaply and on guaranteed delivery schedules. On December 13 last year the Minister of Transport (Mr. Pickersgill) announced an integrated study of Atlantic provinces transportation problems. I should like to quote from the press release of that date:

The integrated study of transportation problems and requirements of the Atlantic provisions was officially launched...

Acres Research and Planning Limited... will combine forces with the Economist Intelligence Unit of London, England, to carry out this major transportation study...

The over-all objective of the study is to assess the effectiveness of the present transportation systems and to determine how they can best be developed to foster the economic growth and well-being of the Atlantic provinces.

• (3:30 p.m.)

Farther on there is this statement:

Adequate transportation links between the Atlantic provinces and the major economic areas of the continent are essential to the growth of these provinces. Rising production and consumption are reflected in greater traffic flows. It is recognized that existing networks of road, rail, air and water transportation will have to be improved and extended. This may require major revisions involving considerable capital expenditure. The Atlantic provinces' transportation study will review the transportation problems against the background of the prospects for growth in the primary and secondary industries of all four provinces.

The Atlantic Development Board, the government of Canada and the premiers of the four Atlantic provinces have seen the need and the wisdom of such a study for the Atlantic provinces. I suggest and specifically recommend that if Canada is to exploit its foreign markets to the fullest such a study is urgently required for the four western provinces.

The rapidly rising export from western Canada of grain, metal concentrates, potash, gypsum, sulphur and chemicals has already led to transportation problems, bottlenecks and lack of facilities. We need only recall the debate on box cars in this house not so many weeks ago. This situation seriously limits or endangers many of our overseas transactions, and I suggest that in the future it will become even more serious.

Therefore, Mr. Speaker, I propose that there should be a comprehensive analysis of all of the transportation, storage and handling systems which are or will be involved in moving and distributing western Canadian resources and products to inland and overseas customers. The specific objectives of the proposed study should be to develop recommendations on a short, medium and long term basis to lead to actions to (a) increase western Canada's capacity for transporting its products to local and overseas customers; (b) increase the speed of our deliveries; (c) increase the reliability of our deliveries, and (d) reduce to the lowest possible level the costs of delivery to keep our products competitive.

Such a study would involve a review and analysis of western Canada's future sales and potential market areas over the next 15 to 25-year period and a determination of our transportation requirements to fulfil these maximum sales and reach these market areas. It would involve, therefore, a careful review and analysis of all of the links in our transportation chain, a study of our local and pool elevators, a study of our present and future extractive resource sites, the future sites of mines, refineries and pulp mills, our rail operations including both their possible abandonment and curtailment and also, more importantly, their development into new resource areas, the economy and efficiency of unit trains for the movement of bulk cargo, a study of the capacity of the Fraser Canyon rail lines and methods of increasing that capacity by either twinning the tracks or using one track eastbound and the other westbound.

This review and analysis would also involve a study of our trucking operations, both as a means of delivery to intermediate or final loading points, and the need for and best location of a second trans-Canada highway; the place of fluid pipe lines and, even more exciting, the role of solids pipe lines for the transportation of coal, chemicals and even grain, on which the Alberta Research Council and others have already done such valuable work; inland shipping, direct ocean shipping; the terminal, storage, transfer and handling facilities of our Pacific ports of Vancouver, New Westminster and Prince Rupert for both general cargo and, probably more importantly, bulk loading facilities; the examination of new port sites such as the presently discussed Sturgeon Banks off the lower mainland of British Columbia, and our Pacific port handling facilities not only for today's vessels but for the type of vessels that will be arriving, or at least should be arriving, on the Pacific coast in the future.

Each part of our western transportation system, Mr. Speaker, both publicly and privately owned, should be studied to determine and assess its present capacity, operation and effectiveness and the extent and speed with which the capacity and effectiveness of each facility can and should be increased. We should determine the bottlenecks and inadequacies of our transportation system and the sequence in which these bottlenecks should be eliminated or the inadequacies filled.

The Atlantic transportation study which I mentioned is being conducted by Acres Research and Planning Limited in consortium with the Economist Intelligence Unit of London, England, and I am sure there are other firms working either singly or in consortium which would be suitable for such a study of western Canadian transportation.

I am not suggesting, Mr. Speaker, another full-dress royal commission on transportation facilities; in fact, I would deplore the appointment of such. As an aside I might almost say: God preserve us from the present ones we have working. I want and I am advocating rather a comprehensive and co-ordinated study, by knowledgeable and expert consulting engineers and transportation and market analysts, of our transportation needs in western Canada both present and future and how best our transportation systems, co-ordinated on an economic and feasible basis, can foster the economic growth,

prosperity and development of the four western provinces.

Such consultants as I am advocating should divide their recommendations into short-term, medium-term and long-term proposals so that within one or at the most two years recommendations and action plans could be designed for a group of immediate improvements. Then during subsequent stages of the examination, over say three to five years, longer term recommendations could be devised and a continuing analysis of the implementation of previously approved recommendations could be made.

In the time allowed to me, Mr. Speaker, I have recommended three specific things in connection with the increasing and total exploitation of the markets which are available to the products of western Canada. I have suggested the removal of voluntarily imposed quotas on Japan and the removal of all tariff impediments to Canadian-Japanese trade. I have suggested policies to assist those industries and workers which would be affected by freer trade so that they would not oppose the liberalization or freeing of our trade. Third, I have recommended transportation policies so that western Canada can maximize its endeavours to gain access to the markets of the Pacific ocean area. These are specific proposals, Mr. Speaker.

In conclusion may I say to the Minister of Finance in a general way, and I know he is not unsympathetic to this view, that in working out his budgetary proposals for this country and in shaping the fiscal, tariff and monetary policies of Canada he must always remind himself that we live in a very vast country composed of five quite different economic regions, the interests of which are not always compatible and sometimes conflict. He must also remind himself, and I emphasize this, that that which is good for central Canada is not necessarily always good for the extremities of the country, such as the Atlantic provinces and British Columbia, and also the prairies. Yet the extremities of the country both east and west, the Atlantic provinces and British Columbia, and also the prairies, have a right to look and must be able to look to him as minister and to the government of Canada to initiate policies which will assist, foster and strengthen the industrial, commercial and trade development of the far eastern and far western regions of Canada.

The Budget—Mr. Nielsen

• (3:40 p.m.)

Mr. Erik Nielsen (Yukon): Mr. Speaker, I wish to discuss today a national resource before I discuss generally the provisions of the budget. My remarks are directed specifically to the Minister of Northern Affairs and National Resources, who I am very happy to see is in his seat, and to the government. My remarks, sir, are directed as well to all members of this house and also to you.

There is some misunderstanding, I believe, with respect to a matter I raised on one or two occasions in the house before the Easter recess with respect to the pilfering by commercial organizations in the city of Edmonton of the Klondike theme.

There can be no doubt about the responsibility of the government of Canada for the development of northern resources. There can be no doubt about the exclusiveness of the jurisdiction of the government of Canada over the development of these resources. It follows, therefore, that there is a direct responsibility on the minister and on the government in the resource development field. Unlike the provinces where exclusive jurisdiction over resource development resides entirely within the jurisdiction of the provincial legislatures, the responsibility here is clearly that of the government and of the minister.

I therefore suggest, sir, that when the matter is raised in the house, and when I make these remarks I cast no reflections whatsoever upon the Chair, I am merely endeavouring to inform the Chair of the national nature of the subject matter which has been raised by me on previous occasions, on each occasion that the matter is raised it must be determined whether it is one of sufficient urgency to be raised on orders of the day.

It is also quite clear, sir, that tourism is a resource. The extent to which tourist revenues in this country increased under the previous government to a point where for the first time in history our balance of trade with the United States was on the credit side is a matter of record.

There is also, sir, no doubt that throughout the whole world the romantic ring of the Klondike remains despite the passage of 68 years. The Klondike and all that that era stands for remains in the minds of people throughout the world. It is a great tourist drawing card. It is a potential tourist revenue earner in an industry the development of

which is vital to bringing the Yukon out of what the minister himself has described as a deficit area.

That the Klondike is in the Yukon can also not be doubted. That the whole of the Yukon tourist industry is built around the Klondike is also quite clear. Any extended effort, therefore, by any agency whatsoever to attempt to drain off by the exploitation of the Klondike theme tourist revenues from the Yukon will seriously impair not only the development of that industry in the Yukon but will also seriously impair that day when the Yukon can call itself economically independent and that day when the Yukon can look forward, because of that fact, to self-government.

I am sure that the commercial organizations in the city of Edmonton and the city fathers were well meaning in choosing the theme of the development days of the Klondike when three years ago, I believe, the federal government evidenced a declining interest in the promotion of several projects in which the government of Canada had invested substantially. The Yukon had been developing its Klondike tourist industry for many years before the city of Edmonton commenced what I have called on previous occasions this larcenous exploitation of a resource which in no way belongs to it.

It would be different if this exploitation were a one-night stand. It would be different if it were on isolated occasions that the theme was exploited. It has been exploited in almost every province and in many cities and communities throughout Canada; in fact, it has been exploited not only in Canada but throughout the world. However, this is an extended and continuing effort by the city of Edmonton with, I must assume, the condonation of the province of Alberta to exploit something to which they have absolutely no proprietary right.

An hon. Member: Are you saying there are a lot of bootleggers?

Mr. Nielsen: They are claim jumpers. That is what they are. This continuing exploitation, sir, is hitting the Yukon hard. The minister will agree with that. It is syphoning off tourist revenues that otherwise would go to the Yukon. The argument is, of course, that we are adopting a dog in the manger attitude.

Sir, we do not have the resources in the Yukon that the city of Edmonton has within its municipal boundaries in order to fully exploit this resource. Our efforts must be combined and are being combined with those of the previous government and this government to exploit this resource for the benefit of the economic future of the Yukon. Many tourists the world over under the impact of the tremendous publicity campaign now being carried on by the city of Edmonton will stay in Edmonton, enjoy the Klondike days which have been organized there and go home thinking they have seen the Klondike. The result will be a distortion of Canadian history.

The Klondike is not in Edmonton, nor does that famous and fabulous era of Canadian history have anything to do with Edmonton. It was not Edmonton that made the contribution in the way the Klondike did to the over-all economic development of this country during the gold rush days.

The promotional literature I hold in my hand, sir, is an expensive, coloured brochure issued by the Edmonton Exhibition Association and it leaves the clear impression that the Klondike is in the city of Edmonton. They have stolen Klondike Mike. They have stolen Klondike Kate. They have stolen the Chilkoot mine. They have even stolen the Yukon.

An hon. Member: That is hard.

Mr. Nielsen: It has in large print: "Ride The E.Y. & P." Then in small print it says:

A small version of the famous Edmonton, Yukon & Pacific steam train chugs and hisses around the half mile—

And so it goes.

An hon. Member: But it is still in Edmonton.

Mr. Nielsen: The White Pass and Yukon route is the railway of history that chugged its way through the days of the Klondike gold rush.

Another advertisement says that you can visit the Chilkoot mine of those famous days, even though very few Edmontonians involved in this commercial exploitation know the geographic location of the Chilkoot pass. It is said that you can pan for real gold nuggets. Well, sir, they would have to be imported because there are none in Edmonton.

Under the heading, "Lively Downtown Celebrations", is the following:

Local citizens wear costumes of the Klondike era—recalling the fabulous excitement of the gold rush era.

• (3:50 p.m.)

When did Edmonton have a gold rush era? They like to say, sir, that many prospectors and sourdoughs who travelled to the Yukon passed through Edmonton. Sir, the cities of Seattle, San Francisco and Vancouver played a much larger part in that history than the city of Edmonton ever did. In another part of this brochure they invite the citizens to "return to the lively days of the gold rush." Again, this is in the city of Edmonton. How can we in the Yukon compete with the Mounted Police musical ride which has been imported for the purpose of this immoral and illegal exploitation? I am surprised that the Mounted Police would lend themselves to such an unlawful purpose and I mean no reflection on the force when I say this. "Bonanza", too, has been stolen. Under all this material we find the inscription of the Edmonton Exhibition Association whose motto is printed here as being "Pro Bono Publico", for the public good.

It does a disservice to Canada to allow this kind of exploitation to continue. Neither the citizens of the Yukon nor the government of the Yukon can endorse a continuance of this kind of illegal and immoral exploitation. When I say "the government of the Yukon" I mean the minister and his representative in the Yukon together with the Yukon legislative council. I believe the minister has received a resolution passed unanimously by the Yukon legislative council asking him to take action. The government of the province of Alberta cannot be left out because we are not speaking of the Yukon versus Edmonton in this issue; we are speaking of the Yukon and the province of Alberta. We can no more speak of the Yukon and Edmonton than we can of Dawson and Edmonton. I suggest to the minister that he has an obligation to act, and to act now, on the request of the people of the Yukon made known to him through the Yukon legislative council. He has an even greater responsibility. It is to retain intact a resource which comes under his personal protection as a member of a government which has direct responsibility for resource development.

The council has asked the minister to intervene with the government of the province of Alberta. It has asked for his intervention with the city of Edmonton. It has asked for his intervention with those responsible for Expo '67. Instead of allowing the city of Edmonton to anticipate the establishment of any kind of display at Expo '67 which would involve the exploitation of the Klondike, the minister should himself be considering taking action at Expo '67 similar to that which was taken during the last Grey Cup parade. He advertised the Yukon in that parade, and quite properly. He should take the same attitude now and give this matter his most serious consideration.

Mr. Laing: Would the hon. member be agreeable to calling it "the real Klondike"?

Mr. Nielsen: There is only one legitimate Klondike. Anything less than that is a hoax. Anything less than that is an immoral if not an illegal offer made by agencies so as to deprive an area coming under the minister's direct responsibility of its proprietary right to a resource the responsibility for the development of which lies upon the hon. gentleman's shoulders.

That legal action is possible should not escape the minister's consideration. I ask him to look at section 306 of the Criminal Code which deals specifically with frauds of this nature.

Mr. Lambert: Oh, that is carrying it a little far.

Mr. Laing: May I ask the hon. member whether he has made any representations to the members of parliament from the Edmonton area?

Mr. Nielsen: I have, sir. We in the Yukon are ready to believe that those who originated this exploitation did so in a well meaning fashion. But we also believe they do not appreciate the serious and deleterious long range effect this kind of thing will have on the development not only of this specific resource but of the Yukon as a whole. We asked them to reconsider that poster. This is not a dog in a manger attitude we are taking. Many thousands of taxpayers' dollars out of Canadian pockets generally have gone into the building up and exploitation of the tourist resource in the north. Our tourist resource in this part of northern Canada, the Yukon, is built solidly, squarely, specifically and exclusively on the Klondike area. Any attempt to mislead tourists into believing that the Klondike area exists elsewhere is bald fraud.

As to the Budget generally, I have studied this Budget trying to find a clue to a coherent fiscal or economic policy, and I can say it makes trying to find a needle in a haystack an absolute cinch. They took the tax off false teeth. After the new taxes no one will need their teeth, false or otherwise. At present food prices teeth are a waste of time.

A serious question affecting mortgages was raised today by my right hon. friend, the Leader of the Opposition (Mr. Diefenbaker). The minister in charge of housing, the Minister of Labour (Mr. Nicholson), said today—I believe I heard him correctly—that the problem was nation-wide and had become so in the last few weeks. This can be attributed directly to the policies of the present government outlined in the Budget and to the ruinous acceptance by this administration of guide lines emanating from Washington.

While I am referring to the Minister of Labour I am compelled to add that he is the only minister now in charge of a skeleton department. Some have skeleton staffs but the Minister of Labour has a skeleton department. In this connection I should refer in passing to the report on the Department of Labour by Woods, Gordon and Company dated November, 1965, in which it is stressed that manpower and labour relations must be closely integrated. This government completely ignored that report in setting up a separate department of manpower. Here is a massive survey undertaken at a great deal of public expense and completed no later than November last. Yet immediately after the election it is thrown out of the window for reasons of pure expediency.

I submit that the Budget tackled inflation at the wrong end. The problem of inflation is to equate production with demand. Hon. gentlemen opposite are cutting down demand instead of helping production. Canadians are being penalized in an era of plenty because this government has no confidence in the capacity of the economy to produce enough to meet demand.

• (4:00 p.m.)

Canadian industry and Canadian labour can produce. There can be no doubt on that score. The real problem confronting us today is that costs of production have risen. Why have costs of production gone up? They have gone up because the cost of everything the working man must buy has gone out of sight. Never before in the history of this country have we had not only such a high cost of living but, over a few short years, such a remarkably accelerated increase in that cost of living. The costs of food, clothing, recreation and accommodation have soared. Food costs alone went up 7 per cent in the past year. The result is that labour has been forced to ask for higher wages in order to make ends meet. No one can blame labour for that. People who work for a living have a right to a fair share of the present prosperity but under this government, with high taxes, high prices and high costs, this has been denied.

Why do we have high prices? It is because the government increased the money supply in Canada by 12 per cent in 1965 compared with 6 per cent in 1964.

Mr. Sharp: Would the hon. gentleman permit a question? Could he square the statement he is now making with his earlier complaints about the lack of money in the economy?

Mr. Nielsen: I did not catch the minister's question.

Mr. Sharp: Earlier the hon. gentleman was referring to the scarcity of money. Now he is complaining about the fact that we expanded the money supply by 12 per cent.

Mr. Nielsen: I was speaking of a specific situation in the housing industry which should be met. I criticized it and I shall be advancing a constructive suggestion. That situation should be met in the way the Conservative government met it when it injected many millions of dollars into the housing industry, which had dramatic, exciting results and did not cause the tremendous impact presently being caused by tight money.

Mr. Sharp: May I ask the hon. gentleman another question? Was it not true that during that time there was a great deal of unused resources and high unemployment in Canada?

Mr. Diefenbaker: What about the United States?

Mr. Nielsen: I do not believe the minister can deny that there was more done during the term of office of the previous government to accelerate resource development than was ever done before, and all this government has done in the three years it has been in office is simply to endorse and/or expand those policies which were developed during the days of the previous government.

Mr. Sharp: Was that why there was so much unemployment in those days?

Mr. Nielsen: In the first place, the unemployment which confronted the previous government when it took office in 1957 was a legacy of those now sitting on the treasury benches, in particular of the minister who was then a deputy minister in that administration. In the second place, the minister

himself would admit that the upswing in the economy began in 1961, two years prior to his government taking office. His colleague, the ex-minister of finance, has admitted this many times. I am simply saying one thing, sir, that when you have too few dollars chasing too few goods you have inflation, and that is precisely what we have in Canada at the present time.

Mr. Drury: Such an economist.

Mr. Nielsen: Mr. Speaker, I am described by the hon. member for Verdun (Mr. Mackasey) as the new economic expert. He will have an opportunity to expose his own knowledge in this field.

The Acting Speaker (Mr. Rinfret): Order. The hon. member for Verdun.

Mr. Mackasey: I realize I am out of my seat—

Mr. Diefenbaker: Mr. Speaker, is the hon. member in his seat? He cannot speak from there.

The Acting Speaker (Mr. Rinfret): Order. The hon. member for Verdun knows that if he wishes to take part in the debate or ask a question he should be in his seat.

An hon. Member: Now he is moving over.

Mr. Mackasey: I rise on a point of order, Mr. Speaker, only because the hon. member for Yukon alluded to a statement he thought I made which I did not make but which I wish I had made. The reference that was made was to new economic policies. I remember the hon. member for Yukon saying that when too few dollars chase after too few goods inflation is the result. I thought at the time that this was a new monetary policy.

Mr. Nielsen: It may have been the influence of the Minister of Industry (Mr. Drury) on the hon. member for Verdun. At any rate, Mr. Speaker, this government has simply not attempted to cope with the situation. It increased the money supply for the simple reason that under the ex-minister of finance a deal was made whereby Canadians would not undertake large scale borrowings in the United States.

The government accepted guide lines and directives from the United States curbing direct investment in Canada. It increased the money supply in order to make up the deficiency and to provide a spurious prosperity prior to the election. Now Canadians are being asked to pay for it.

The government imposed an 11 per cent sales tax which has produced rising costs at every stage of industrial manufacture, not only making it difficult for Canadian producers to compete internationally but making it possible for them to be undersold in the Canadian market by imported United States products. That is why we have had at one and the same time, sagging export figures and soaring import figures.

Mr. Sharp: Mr. Speaker, may I ask the hon. gentleman to give us the sagging export figures of which he complains?

Mr. Nielsen: Mr. Speaker, I believe the record speaks for itself.

Mr. Sharp: It does.

Mr. Nielsen: Yes, it does. The hon. member for Northumberland (Mr. Hees) has raised this matter on previous occasions. The hon. member for Wellington South (Mr. Hales) and several other hon. members on this side have raised it.

Mr. Sharp: Equally erroneously.

Mr. Nielsen: The minister asks me to quote figures which I do not have at hand. He hopes to win a point, but he does not.

Mr. Sharp: There are no such figures of sagging exports.

Mr. Nielsen: There are such figures and they are on the record. The minister likes to cover up the situation that exists.

Mr. Sharp: No. I am asking you to give the figures.

Mr. Nielsen: The automobile pact was supposed to help ease our balance of payments deficit with the United States but since the pact was introduced in January, 1965, we have brought more American cars and parts into the country than at any time in our history. Those cars still cost the same in Canada as they did previously. At the same time, parts that used to be made in Canada are now being made in the United States. Our deficit with the United States is the highest it has ever been and our world deficit is over $1 billion—

Mr. Sharp: Not as high as it has been.

Mr. Nielsen: —on account of that. This is a situation that will seriously strain Canada's international credit.

What the government should have done was to remove immediately the 11 per cent sales tax on equipment and material in order to reduce costs to industry. Instead it has promised to cut it down to 6 per cent in April, 1967, and to remove it by 1968. This, I suggest, is too little and too late.

What has happened is that the Budget completely failed to take into consideration the real needs of Canada's economy. We must maintain, not curb, expansion. We must do it without allowing inflation to continue unchecked. The minister's approach was purely that of a bureaucrat eager to cure the symptoms without considering the real nature of the disease. There is a very real possiblity that the shortsighted and negative approach in the Budget will endanger Canada's economic expansion and place this nation's economy in a strait-jacket. Already there are signs of that happening.

• (4:10 p.m.)

This is a government, sir, which gives the appearance of fearing expansion. A timid, fearful and negative attitude is the very antithesis to what is required at the present time. We must preserve the prosperity which Canadians have worked so hard to achieve and at the same time maintain a reasonable balance between costs and prices. We must remove taxes which serve only to hinder and not encourage the smooth flow of economic expansion.

As a Conservative I am particularly concerned about the effects of this negative and overly-cautious approach, because it was our policies which made prosperity possible; it was our policies which enabled the ex-minister of finance to say that the upswing in the economy began in 1961, which I do not believe the minister will dispute.

Mr. Sharp: May I ask the hon. member a question? Was it not the policies of the previous administration which brought about the exchange crisis?

Mr. Nielsen: It certainly was not. It certainly was not this party which did such a disservice to Canada's image internationally as was done by those now occupying the treasury benches in their political campaigns in 1962 and 1963 by disparaging the devaluation of the dollar, a situation that the minister now has no intention of altering. A great thing has happened as a result of the devaluation of the dollar; yet the minister and those surrounding him in those election campaigns certainly were the severest critics of the action taken at that time.

Mr. Sharp: Only of the exchange crisis.

Mr. Nielsen: And in so doing did a great disservice to Canada's image internationally.

The present expansion, as the minister knows, is now in its fifth year having begun in 1961, two years before the Liberal government took office. It commenced as a result of, first, the massive wheat sales, wheat sales that were strongly criticized from across the way when that policy was announced by the previous government. It began as a result of capital development programs such as the Saskatchewan dam and the Pine Point railroad, which again were severely criticized by those opposite when they sat on this side of the house.

Another factor in the expansion was the assistance to shipbuilding, seriously curtailed since this government took office. There were also incentives to exploration and development, another program commenced by the previous government and only enlarged upon in a meagre manner by the Minister of Northern Affairs and National Resources (Mr. Laing) since that time. I can sympathize with him and the difficulty he has in coping with the myopic attitudes of his cabinet colleagues in this regard. Other programs dealt with the retraining of manpower, vocational training and municipal winter works. All of these projects were the foundation for what the government is attempting to take credit for now. Devaluation of the dollar provided a tremendous impetus to Canadian exports and gave us new records in overseas trade.

All this is in danger of being thrown away on account of the unrealistic, timid and uninspired policies of this government. The Budget is an attempt simply to maintain the status quo. This is not good enough. In the affairs of men and nations, to stand still is to fall back, and where the government has not been standing still it has been leaping sideways.

The Acting Speaker (Mr. Rinfret): Order. I regret that it is necessary to inform the hon. member for Yukon that the time allotted to him has expired.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, having listened to the hon. member for Yukon (Mr. Nielsen) in the last few minutes, I think the Minister of Finance (Mr. Sharp) ought to be thankful he does not have

the hon. member for Yukon and the hon. member for Verdun (Mr. Mackasey) on his staff. When they look at *Hansard* I believe some of their inflationary definitions may be kind of hard to follow.

Mr. Nielsen: I am sorry I do not have a printing press.

Mr. Thompson: I should like to say to the hon. member for Yukon that if he really wanted to do something for his very important territory, aside from complaining about Edmonton's so-called usurpation of a tourist theme, he and I might get together in an effort to see that the government finishes the Alaska highway. In that way we would do more for that northern part of the country than all the Yukon days put together from now until the end of time.

Mr. Nielsen: And pave it too.

Mr. Thompson: Let us hope that the Minister of Finance has some influence on the members of the government and will be able to get them to realize that this project is one that has been long neglected and overlooked by the government which concentrates its interest on the eastern part of the country, and that the completion and paving of this highway could do a great deal for the economy not only of the west but of the whole country.

I was most interested to hear the hon. member for Vancouver-Burrard (Mr. Basford) classify himself as the spokesman for the four great western provinces. If he took a little closer look at things I think he would realize that the prosperity of his own province is due largely to the imaginative, impressive and progressive government of that province. Probably this is true of all the western provinces. What bothers me as I go over the Budget speech and hear the contributions to the debate made by various members is the fact that the policy of holding back or retarding the so-called economic boom in Canada comes from the federal minister in direct opposition to the over-all, sound provincial administrations across the country which I think are basically responsible for the degree of prosperity we have in Canada at this time.

The reverse ought to be true, and I think it is perhaps because of this fact that we feel we need leadership and direction from the federal government and do not have the degree of unity or national identity that we so desperately need. I am sure the Minister of Finance is viewing the Budget debate as a really worth-while educational experience. I hope to add a little to the debate myself.

I should like to say to the minister that I think he has made a grave mistake in stepping on the brake in an effort to control the prosperous era in our country and that he would have been much better advised to take hold of the steering wheel instead and attempt to redirect certain areas of it so that it would not end up in what could be a very undesirable situation; it is one which might be effective in some areas and completely ineffective and harmful in others. Where there is a situation of inflation, particularly in respect of the control of the spiral of prices, something needs to be done. However, Mr. Speaker, it is the contention of those of us in the Social Credit party that to apply inflationary pressures to the extent that we might burst this economic bubble is more dangerous than what the Minister of Finance is attempting to correct at the present time.

• (4:20 p.m.)

I cannot quite understand the minister as he talks about us having reached our productive capacity, because when the Minister of Trade and Commerce (Mr. Winters) gave us his guide lines in respect of United States subsidiaries operating in Canada he spoke of the need of Canadian owned companies and United States subsidiaries alike to strive for a maximum realization of the potential for full participation in the life of the Canadian economic community. To say that at this time that we have in any way reached the capacity of our productive machine is, I think, a completely false assumption because I am sure we could without any real difficulty increase our productive capacity in practically every area by 50 per cent in the next couple of years.

If the economy is operating at capacity, why is the government involved in a war on poverty? Why is the ARDA program almost swamped with requests for rehabilitation projects? Why is it that in Canada we still have 340,000 unemployed? It is not that we have a dearth of skilled labour; the fact is that we have not speeded up our retraining and educational programs nor have we applied the right incentives in the right areas to reduce this tremendously large surplus of employable labour so that the over-all picture of the economy may go forward at an even more rapid pace than is the case at the present time.

The number of ridiculous paradoxes in our economy shows clearly that it is redirection this economy needs rather than reduced speed. We find the construction industry now having to slow down because of manpower shortages in certain areas; yet the growth in the civil service and in other governmental employment areas in Canada goes forward by leaps and bounds. We are urged to buy Canada back from the United States, but the provisions of the Bank Act make it necessary for industry and government as well to turn to the United States for the kind of risk and development capital that is needed in this country. It seems to me that Canadians are more willing to invest in the national debt because the return is higher and more secure than investing in resource development.

I think the assumption made by the hon. member for York South (Mr. Lewis) yesterday, when he cried out against the so-called profiteering and gangsterism in the economic picture of this nation, is completely ill-founded, because what we need today is to encourage private Canadian capital to move into the development of Canadian resources. As evidence of this, Mr. Speaker—and I draw this point specifically to the attention of the Minister of Finance—there is the fact that Canadian borrowing on the United States market during January and February of 1966 was 11 times more than it was during those two months of 1965. Yet we learn from statistics published in the press, I think only the day before yesterday, that savings deposits in Canada amounted to nearly $10 billion at the end of February and personal savings deposits during last year increased by something like $800 million.

Therefore, Mr. Speaker, I say that what we need is redirection in a way that will encourage Canadians to invest their savings in the development of our resource wealth. Without this type of encouragement and governmental policy we have to run to the United States to obtain our capital. Those of us who believe there should be a greater degree of economic nationalism in Canada hear many people complaining about the investment of the American dollar in this country, but I do not believe this is a legitimate complaint as long as Canadians refuse to invest their savings in their own country. How can we blame someone else for investing in the resources of Canada if we apparently do not have the courage necessary to do so ourselves?

[Mr. Thompson.]

I believe that exports are necessary to improve our balance of payments situation, but tight money policies and taxation combine to put the Canadian producer in a non-competitive situation. In this connection I wish to refer for a few moments to the oil industry of Canada. I wonder how much concern there is on the part of Canadians with regard to the take-over of this Canadian industry by American companies, an industry which is the third largest in this country at the present time? I do not believe there is too much concern—apparently there is not —because of the reluctance of Canadians to invest in our oil industry. Even those who fear that it may eventually lead to a political take-over are cautious in their assessment of the situation. From a strictly business point of view most of them regard the capital inflow as a blessing and, in the realities of our economic life, had it not been for the willingness of Americans to invest capital in these resources they would not have been developed to the extent we see today.

I think it is an indictment of Canadian governmental policy that we have not been able to induce Canadian people to invest their savings and provide a sufficient amount of capital to develop at least half of our oil industry, and at the same time provide incentives that will encourage them to take over an even greater part of it. Without American capital where would we be in the development of our natural resources? I mention this fact only because I believe that rather than a slow-down policy or a braking of the economy there should be a redirection of the economy so that Canadians would be more willing to invest in our natural resources. Canada has had a great deal of money lying idle in savings accounts all through this development period. Billions of dollars have been lying idle. Unfortunately this has been largely caused, I believe, by the policies of the federal government, and as a result Canadians have been more interested through the years in investing in American development rather than the development of Canada.

At the present time the per capita investment in the United States by Canadians is two and a half times the per capita investment of Americans in Canada. For this reason I believe the Minister of Finance should have directed his energies and policies toward encouraging Canadians to play a greater part in the development of the resources of this country. Today the need is not to slow down production but rather to step up and

facilitate the distribution of what we can produce. One economist commented recently, "We are learning to live with prosperity, but we do not know as much about managing it as we do about getting there."

The general policy of slowing down the boom is a dangerous one. It is dangerous because the case for an inflationary situation has not really been made. The Minister of Finance says that we face the threat of dangerous inflation. I do not believe that in the traditional meaning of the word "inflation" this is true. With due respect to the attempt by the hon. member for Verdun (Mr. Mackasey) to define "inflation," I would say the inflation to which the Minister of Finance refers, but which is not really the case is caused by too many dollars chasing too few goods. If this were the case in Canada today, why are we borrowing from the United States market the tremendous amount of money that we have borrowed for our capital development?

In the first two months of this year we borrowed from the United States market $172 million. The amount was large last year but this year there has been a general increase in borrowing from the United States. I believe that we have in Canada today not an inflationary situation but a deflationary one. I do not think we have enough capital to carry on our normal commercial and industrial activities and at the same time carry on the resource development needed in this country. What we face in Canada today is an inflation of prices. It is this inflation of prices that is causing concern all across the country. In fact, Mr. Speaker, I think the general increase in prices that has been evident this year is just a beginning. It is in this area that we should be attempting to find an answer and employing the necessary slow-down in an effort to keep the cost of living in some sort of equilibrium.

• (4:30 p.m.)

The Economic Council in its second report clearly stated that there are not yet sufficient means for judging the economy to be in a phase of general inflation. The council warned the government, and I had hoped the minister would have taken more heed of this warning, by arguing that we should not be too quick to implement anti-inflationary policies. The council wisely said that fiscal and monetary policy should be aimed at sustaining economic growth over a prolonged period of time instead of using monetary policy in an attempt to control short term fluctuations in economic activity. Instead of attempting to slow down the entire economy, the government should have recognized the need for priority areas. In so far as expansion or maintaining the status quo is concerned, there can be no place for slowing down the productive growth of Canada. The development of our resources must go ahead with an increased rate of growth. It is the only means by which we can provide new jobs and an increased standard of living.

In this regard the attempt to apply in Canada a policy that is used in Sweden, namely, the withholding of a percentage of the earnings of corporations, I think is not going to accomplish the intended effect in any way whatever. The 5 per cent of earnings which is going to be held in a position of trust is only going to provide the security for new borrowings in foreign markets. Companies are already moving toward this idea in order to overcome the adverse effects of this particular policy. I do not believe it will work. Corporations will merely borrow on this accumulated credit.

I believe that those in this house who use Sweden as an example of the ideal controlled economy, which results in greater government control and ownership of industry, are completely wrong. The fact remains that today Sweden is basically a free enterprise country with over 90 per cent, in fact nearly 95 per cent, of her total productive machinery owned privately by the Swedish people.

I suggest to the minister there is another area of capital development which we cannot, we dare not, slow down. I am referring to essential capital development for such projects as schools, hospitals, universities and for research. We cannot slow down this type of economic development. While this is non-productive development, it is the pre-requisite for future productive development. I think the present policy of slow-down is going to run into difficulties because it is going to slow down these two areas of our economy that really should not be slowed down at all. The first one, again, is required for the productive sector of our economy and the development of our resources. The second is for the essential type of capital development which may be non-productive today but which is vitally connected with the productive process tomorrow.

There is a third area which should be considered in these areas of priority which might strictly be termed non-productive development and which could well be slowed

down. I am speaking here of the construction of government buildings and the type of construction that is concerned with the World's Fair in Montreal as well as the centennial celebrations of our country.

This type of construction, which is truly non-productive in the sense of increasing the productive value of our economy, could well be slowed down. It could well be spread out over a longer period of time. I think what the minister should have done in his Budget was to give a new direction to the economy in these areas of priority and to have encouraged on the one hand a greater degree of expansion while on the other hand slowing down those areas that are not so much concerned with direct productive increase of the over-all economy.

In this regard it is interesting to note what is happening in connection with Expo '67. According to press reports yesterday the deficit for Expo '67 is going to be approximately $82 million, and the federal government is going to be responsible for half of that. I am not saying that construction of Expo should be slowed down, but this is the type of development that is really getting out of control. The construction of government buildings and that type of thing is all in this area as well. In fact, I think the danger that we face in Canada as a result of the Budget introduced by the minister—this is the reason I cannot agree with Budget policy—is that it will put this country into real difficulty instead of solving present problems.

There are certain areas where the expansion program is going ahead much faster than in other parts of the country. The two western provinces lead Canada in this regard, and Ontario is close behind, so far as a percentage increase is concerned. We should not be slowing that down; we should be encouraging that to go forward because that is where we are going to increase the value of our over-all economy which is going to help those areas that do not have the same increase in production.

I am concerned that the government in the Budget has seen fit to decrease the external aid program. Our external aid is not going out in the form of dollars to be spread across the world. We are using what we are able to produce and using our own personnel to help other people. This aid, therefore, comes right back to help us. I feel that this kind of aid program has some real hope of doing something big. We are using the wrong approach by reducing our aid; we should be increasing it because it is also part of our international responsibility.

I believe, Mr. Speaker, there is another area in which the government should be applying the brake. This is the area of government expenditure as it relates to the increasing size of governments in Canada. The cost of government on the federal scene this year, along with the normal amount of supplementary estimates we can expect to be added to the proposed Budget, will bring federal expenditures into the neighbourhood of $10 billion. If we add that to the municipal and provincial budgets, we will find that in Canada today the prospect is for government expenditures to be at a level of approximately $20 billion. I do not believe we can afford this kind of luxury at this time.

I believe the Senate proposal for a basic annual income for senior citizens was the logical way for the government to help this area of our economy. The amendment to the amendment upon which we voted last night would have affected the entire structure of the economy. It was out of place at this time and therefore we could not support it.

I do believe the government should have been taking more care to slow down the increase in expenditures which have nothing to do with the productive increase in our economy. Along with this there should have been certain areas of tax reduction. I think it is interesting to note that the Alberta government has instituted a policy under which it is eliminating its share of death duties. I noted a statement in today's business section of the *Gazette*, in the column written by John Meyer, in which he suggests that succession duties might be one area in which we could decrease taxes and increase our own ownership of the economy.

This article says that the implementation and retention of death duties has done more to contribute to the sale of Canadian assets to foreigners than any other factor. More would be gained toward maintaining Canadian ownership by modifying these, indeed by dispensing with them altogether, than any number of Canada Development Corporations. This article refers to the differences in government about whether to go ahead with the Canada Development Corporation, and apparently these differences do exist. This type of tax reduction, I feel, would have done a great deal to speed up the productive sector of the economy instead of running the risk of slowing it down and sending this country into

another deflationary period, which I do not believe we could risk.

• (4:40 p.m.)

In this regard I also think something might have been done by the government to decrease the tremendous debt load at the present time. Last year I believe we spent $1,180 million by way of paying for the cost of our national debt. On looking at a report issued by the Tax Foundation I find that the forecast is that our national debt will increase next year at a much more rapid rate than it increased last year. This means that we are going to find ourselves involved in an ever-increasing debt load which draws capital out of productive use and throws it into that kind of dead expenditure which is the cost of government. Debt charges during the coming fiscal year will amount to approximately $60 for every man, woman and child in the country, just for the national government alone.

I suggest that had the government adopted a policy which would slow down this increase in our national debt then we might have been doing something important toward giving the right kind of direction to the economy and speeding up its productive value. I think that the government is using a monetary policy at the present time which will work in the opposite direction from that which is intended. Because of this we stand in danger, as a result of this slow-down type of budget, of pushing the country into a deflationary economic situation which we all agree we do not want. Our need in Canada is not to hold back but to move ahead. The distribution of goods and services is a field in which we are only beginning to tap our potential. Smugly we pat ourselves on the back for being good businessmen while we rationalize our own trade deficits and slow down our production.

The disposing of surplusage is a narrow and old fashioned way of assessing our tremendous production potential. What about the many other countries which do not provide their people with enough to eat? What about the vast and continuing world markets for both primary and secondary products? The time has come to institute policies to bring about a freer sale of surplus commodities and to pioneer in the field of world-wide distribution of goods from wherever they are produced to wherever they are required. This is the challenge of the age so far as the international scene and our own national economy are concerned.

The *Globe and Mail* business section of today's issue carries a series of articles which illustrate the need for clear thought and action in relation to trade. The Prime Minister of Barbados speaking yesterday in Canada said that the 1926 Canada-West Indies trade agreement is hopelessly out of date. Then the Minister of Trade and Commerce talks about the necessity of increasing our trade with the Communists behind the Iron Curtain.

What are we doing in this regard, Mr. Speaker? Are we merely gauging our trade policies in certain parts of the world on surplus commodities, or are we gearing our trade policies to the real needs of the world and our ability to meet those needs? What real efforts are being made by the government to use trade as a means of providing lasting and realistic support for developing nations? The kind of imagination and the kind of policy which we in Canada need are to be found in a policy which will not slow down in any way, or cause the government to say that they must slow down, the productive capacity of our over-all economy.

In considering the proposed amendment to the Budget motion, Mr. Speaker, I would say that the amendment actually outlines the shortcomings of the policy of the Minister of Finance. Until we can aim our policies toward relieving these particular problems which are outlined in the amendment we are not going to have a satisfactory financial situation in this country.

Behind all of this is the need for bringing in a realistic monetary policy geared to the distribution of goods instead of geared to a debt system which holds back our potential productivity. We heard last night from the hon. member from Prince Edward Island about the pockets of poverty and the financial and economic situation which exists in that province, a state of affairs which can hardly be tolerated in an era of affluence such as the present. Therefore I cannot stress too strongly the danger of slowing down the economy and, instead of decreasing the cost of living or at least holding it steady, pushing ourselves into a truly deflationary period where there is not adequate capital to move what we are able to produce, with a resulting further upward spiral of living costs.

In closing I would again re-emphasize that we need to adapt our monetary policies to a greater degree of productivity and to hold back on those non-productive developments

which I think can be spread over a longer period of time. Such policies relate to trade, to the Bank of Canada, to the amendments which must be made to the Bank Act and to an over-all economic policy which is geared to expansion. At the same time it requires from the federal government leadership including tax reduction where necessary, bringing about an over-all production which will not just tend to hamper and to hinder the policies of some of the provinces but which will let all of the provinces work together and go forward with the type of expansion which the country needs. This is the kind of financial policy and the kind of Budget which I had hoped the Minister of Finance would bring down but which I do not think he has brought down. I think his present Budget will work to the detriment of the nation rather than toward the objective which he has outlined to the house.

Mr. Sharp: Mr. Speaker, may I ask the hon. member who has just spoken one question?

Mr. Deputy Speaker: The time allotted to the hon. member has expired.

[*Translation*]

Mr. Fernand E. Leblanc (Laurier): Mr. Speaker, the annual period of waiting and suspense in Canada is over since Tuesday, March 29, when the Minister of Finance (Mr. Sharp) announced to the Canadian people how he intends to levy the revenues required to administer the country during the fiscal year which began on April 1.

It goes without saying that the government's receipts must be sufficient to enable it to administer the country and also to make the necessary expenditures which, in many cases, are very important incentives in the national economy.

Every year, the period preceding the bringing down of the budget is marked by temerity, anxiety, anguish, speculation and all kinds of forecasts.

• (4:50 p.m.)

Editorial writers and economists vie with each other in setting forth the reasons which, in their personal opinion, justify a relief, a stabilization or an increase of the fiscal burden.

It is obvious that no budget could ever meet with unanimous approval in a country as diversified as Canada. However, most Canadian economists and editorial writers have praised the first budget brought down by the Minister of Finance (Mr. Sharp), and I am glad to quote a few of their comments:

Ably presented document—the least partisan of all budget speeches heard in the Commons in recent years—clever innovations—appropriate budget—Mr. Sharp takes inflation seriously—expert budget—putting on the brakes—Mr. Sharp is a realist—cautious and conventional budget. If many have criticized certain measures contained in the budget, nobody rejected its general idea in order to maintain that the threat of inflation was imaginary—good doctor—in more ways than one, the Sharp budget is an act of faith.

I join with all these Canadians to commend the Minister of Finance for his courage in presenting such a budget that will ensure a continuing and progressive economic growth in this country.

I should like, Mr. Speaker, in this, my maiden speech on the budget, to briefly state to the house my concept of the relationship between government and private enterprise.

I am pleased to note that the present Liberal government favours private enterprise and provides the assistance required for complete development. Protecting private industry has always been a Liberal tenet.

One hundred or even 50 years ago, most people could live blissfully unaware of political crises in provincial or federal capitals. Today, if politics are ailing, economic and social pursuits are also affected. In the twentieth century, the state exerts a constant influence on the happiness and well-being of every businessman and individual, whereas in the nineteenth century, private initiative enjoyed complete freedom and the state simply acted as a referee between the parties.

In certain areas of the world in the twentieth century, under full socialism, private initiative is completely suppressed and taken over by the state. In Canada, our infinitely varied and mixed system must be maintained and I believe the system is perfectly justified by current economic conditions.

These days, it is not easy to find a clear and satisfactory definition of private enterprise, because under present conditions of our modern life, all economic systems are unavoidably restricted one way or another. As a rule, however, these restrictions should not, in any case, discourage private initiative or destroy freedom of action. I feel that I should quote to hon. members what His Holiness Pope John XXIII had to say about this in his encyclical *Mater et Magistra*. His Holiness said, and I quote:

At the outset, it should be affirmed that, in economic affairs, first place is to be given to the

private initiative of individual men who, either working by themselves, or with others in one fashion or another, pursue their common interests.

In this modern and complex world of business, it seems to me the state should co-ordinate the various forces and merely complement private enterprise, not replace it. By always echoing the claims of part of the population, it is easy for the state to forget the importance of free enterprise in the national economy. The state must not listen to the well-meaning who would like to refashion society through state intervention in economic affairs. The state must, on the contrary, fulfil with competence and dispatch its duty as legislator and, up to a point, as supervisor. The state and private enterprise must co-operate in a spirit of progress. The state must never forget that man is not made for the glorification of the state, but that the state exists for the glorification of man; and we, as legislators, must seek to bring the capitalist system to serve the whole population.

The role of the government in a competitive system, such as we have in this country, is to ensure the maintenance of conditions favourable to private initiative. To what extent the state should intervene to discourage that private initiative which made possible the economic progress all Canadians are enjoying at the present time is the big question mark.

Mr. N. R. Crump, president of the C.P.R., stated as follows at the 36th Annual Convention of the Canadian Chambers of Commerce:

Free enterprise has been the basic factor in Canadian development. Business growth, as far as the public is concerned, may be due to the particular situation of Canada as compared to other countries. For a country which had no future either economically (because of American inducements) or politically (because of a diffuseness inherent in bilingualism and biculturalism), Canada, nevertheless, accomplished some remarkable achievements.

The Canadian government should, with foresight, establish a clear economic policy creating a climate favourable to investments. It should stimulate, co-ordinate and develop the sense of responsibilities, the love of work and savings, but never try to absorb or destroy creative energy and the sense of responsibilities. In North America, as you know, private enterprise created the highest standard of living in the world, even if it has not yet completely eliminated poverty and unemployment; and Canada, like the United States, should be a bulwark of private enterprise.

Therefore, it must set up a list of priority for its expenditures in order to ensure its participation in the improvement of the competitive situation in our Canadian economy, because its initiatives and its legislation affect the whole population; it can have a determining effect on our industrial expansion, by using wisely its tremendous purchasing power.

The state must co-operate with the public and private sectors. It must exercise a wise control, based on the general interest and with the experience of the private sector, in order to make its initiatives more dynamic and efficient. I have confidence in the type of co-operation which has always existed in Canada between government and private enterprise, and I earnestly hope to see the continuation of this type of co-operation, so that our country may attain full economical development. The government must continue to assist our industry in order to create activities liable to bring about other satellite activities. It must continue to promote the expansion of Canadian enterprise through an acceleration of its program of industrial research and its program of services for technical consultations. It must also continue to use the tax factor.

You will all agree with me when I say that the intervention of the state is obvious, at the present time, but that such intervention must necessarily be restricted to areas and a method of operation—

[*English*]

Mr. Deputy Speaker: Order, please. I apologize for interrupting the hon. member but as it is now five o'clock the house will proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

CANADIAN CENTENNIAL

SUGGESTED NATIONAL INDIAN DAY

Mr. Robert Muir (Cape Breton North and Victoria) moved:

That, in the opinion of this house, the government should take into consideration the advisability of appointing a day during the course of our centennial year as a "National Indian Day", to mark the presence among us of our first citizens and to recognize their outstanding contributions to our national life.

• (5:00 p.m.)

He said: At the outset, Mr. Speaker, I advise hon. members that I do not intend to

speak for long on this resolution. This will give other members a greater opportunity to take part in the discussion. I would express the hope that other speakers will not take up too much time, and thereby talk out the resolution.

This resolution may seem strange to some who have never investigated or appreciated the role which the Canadian Indian has played in our nation. There are probably very few of us who realize that there are more than 200,000 Canadians of Indian descent in our nation, in other words, one in every hundred, and that their numbers are increasing at a rate greater than the national average. In the years before and since nationhood the Indian has, I feel, been misused and abused by those of other origins who have had the responsibility of determining policies for our successive governments. Some may say: "That is just a cliché; every once in a while someone gets up and says that." I am not in the habit of talking in this manner but I sincerely hold the views I am expressing on this subject.

At this stage in Canada's development, when every nationality in our population appears to desire a unique position for its contribution, there is no group of individuals which stands higher in my estimation than the Canadian Indians. It is for this reason that I propose we should have a national Indian day in our centennial year.

It has been my privilege since my election to the House of Commons in 1957, and even before, to have been associated with those who make up the Indian community in my constituency and to realize their determination to make Canada a better place in which to live, to realize their dedication and loyalty to our nation. This is exemplified by the fact that during the first world war every eligible man of the Micmacs of Cape Breton Island volunteered to fight for his country in time of peril. Further, in the second world war many of the Indian people from my constituency and throughout Canada served with distinction in our armed forces overseas.

I have been concerned to learn of the discrimination and neglect that this race has been forced to suffer during our years of nationhood. It is not uncommon to hear people say that the Indians are lazy and slovenly, that they do not wish to help themselves. I have heard this said by white people, but I do not agree. I condemn this line of thinking and I condemn those who say such things. In any race one will find people who are lazy,

[Mr. Muir (Cape Breton North and Victoria).]

people who are slovenly and who do not wish to help themselves. I am glad to see that the thinking of Canadians is slowly changing, that we are getting away from the attempt to transform these people into "white men", as it were, and beginning to develop a pride in them and a recognition of their rights.

If we hope to develop the Indians into a well-adjusted community with pride in their cultural heritage we must continue to act along the lines recently announced by the Minister of Northern Affairs and National Resources (Mr. Laing) when he produced a program estimated to cost the federal government in excess of $100 million over the next five years. Undoubtedly some people will be shocked at the size of the amount which the minister has indicated is necessary for the provision of better housing, water, sanitation facilities, electrification and improved roads in the Indian communities throughout this country. But this shock could lead to a re-examination of the degree of neglect the Indians have had to suffer during the last 100 years because governments were unwilling to recognize the just claims made on them and provide the consideration which the Indians demanded but did not receive. At this point let me commend the minister and the government on this forward step. I hope there will be many more to follow.

I should also like to commend the extension department of St. Francis Xavier University, the laymen and the clergy who have been doing tremendous work since 1957 in my own area of Cape Breton in the field of community development and in other matters in co-operation with government.

A national Indian day will not in my opinion eliminate in any way the inequities which exist in our nation so far as Indians are concerned. But it would, I believe, add luster and honour to the race and focus public attention on the tremendous contribution which Indians have made toward the development of our country. I do not suggest that this should be another "national apple day" or celebration of that kind. I suggest this be made truly a national Indian day, a day upon which all the people in Canada would recognize our Indian brothers in a proper manner.

I mentioned a few moments ago the contribution which has been made by the Indian people. There are some who might wonder what this contribution has been. It is not generally well known that any contribution of significance has been made. Indeed, if one

were to inquire of most Canadians they would probably indicate that according to their understanding the Indians are a drain on the federal treasury, a problem everyone would like to eliminate if only someone would suggest an easy solution, one which would not cost too much money or take too much time. This attitude is not in keeping with the facts and we need only look at some examples of the kind of man the Indian population of this nation has been able to produce. I should like to name just a few. Many of these people will not be quickly associated with the Indian communities. Indeed, some Canadians would be much more anxious to classify them as white men.

In the Senate we have Senator Gladstone who was outstanding as a leader in Alberta, I understand, before he became a senator and was a prosperous rancher. In the British Columbia legislature we had Frank Calder. I am glad to hear the hon. member for Skeena (Mr. Howard) say he is still a member of that legislature. In Ottawa we have had for many years Dr. G. C. Monture, a distinguished civil servant and world authority on mineral resources development who at the present time is an adviser to the Atlantic Development Board. There is Jack Beaver, a nuclear engineer; Leonard S. Marchand, the first Indian ever to be appointed to the personal staff of a minister of the Crown; Mrs. Mildred Gottfriedson who in 1963 was selected mother of the year and, from the Eskasoni Band in my own constituency, a number of young men and women who have shown promise of making further contributions of significance. Among them are John Lewis who received a $1,500 scholarship to study engineering at St. Francis Xavier University, Joan Johnson who received a scholarship to Mount St. Bernard College and Janet Morris, now working in the civil service here in Ottawa who was chosen "Miss Indian Affairs Branch" for 1965.

I should also mention Miss Kahn-Tineta Horn, an outspoken and talented model; Dr. Ahab Spence, a clergyman, the first Indian to receive the degree of doctor of law; well known artists such as Gerald Tailfeathers and George Clutesi, and a great number of clergymen, lawyers doctors, dentists, school teachers, nurses, stenographers, hairdressers as well as members of a variety of other trades and professions. At this time of the year perhaps it is fitting to give special recognition to George Armstrong, a Mohawk Indian who has been an outstanding hockey player, a man who has gained a special status by being selected as captain of his team and who has always proven to be a gentleman both on and off the ice.

As I say, it is my hope that the government and all hon. members will give serious consideration to the merits of my proposal. It is definitely non-partisan in character and I believe there will be no dispute among members of the various parties in the house as to the value of the action I propose.

• (5:10 p.m.)

I have taken only a few short minutes in which to deal briefly with the resolution before us and the aims intended for it. My purpose has been to allow an opportunity for those who wish to speak on the resolution to do so while still enabling us to conclude our discussion before the time allotted for the private members' hour expires at six o'clock, at which point we could possibly vote on this motion. It is my hope the government will take the unique step of saying the resolution can be adopted today and that the necessary action will be taken, in keeping with the commendable announced intentions of the Minister of Northern Affairs and National Resources, to set aside one day during our one hundredth year to give Canada's Indians the recognition they deserve.

Mr. Enns: Would the hon. member permit a question? What action does he envisage which might properly take place on such a day? I ask this question in support of the resolution; it is not my intention to be critical in any way. What steps does he think can be taken so that the whole country can properly recognize this day? Does he visualize using the services of television and other media?

Mr. Muir (Cape Breton North and Victoria): I have many suggestions in mind and I would be pleased to outline them once the resolution has been adopted. The hon. member mentioned the news media—radio, television and the press. I think we should devote that day to the Indian people and take the opportunity to do a proper public relations job on behalf of the Indian people. We should explain, as I have tried to do in a few short minutes, what has been done by the Canadian Indians and the contribution they have made. This is a function which could be performed right across this country from one end to the other. I think this should be done in a serious way as an annual event to instil into the minds of the Canadian people regard for the traditions and culture of the Indians and an

awareness of the part they have played in our history and which I believe they will play increasingly in the future.

Mr. Enns: Would the hon. member agree that the Indians themselves should be allowed to take the initiative in planning such a day and that the government should be invited to lend some financial support in the promotion of these activities?

Mr. Muir (Cape Breton North and Victoria): Certainly. I think the Indian people, possibly the national advisory Indian commission, should be consulted on all phases of this proposal. We should certainly work in close co-operation with them and I believe the government should definitely provide funds for a project of this type.

Mr. Ian Watson (Châteauguay-Huntingdon-Laprairie): Mr. Speaker, I rise to express support for the initiative which has been shown by the hon. member for Cape Breton North and Victoria (Mr. Muir) in putting forward this resolution. I believe this is indicative of the complete support which he will find for his resolution among members of all parties. I think his idea is an excellent one. Perhaps, as has been suggested by the Canadian Indian Youth Council, we might incorporate a national Indian day as the culmination of a national Indian week.

A national Indian week would be a build-up and would focus attention on activities which I believe should be spread over a few days because all of them could not be packed into a single day. It should become an annual event and our centennial would provide us with reason to initiate it next year.

I have received a couple of suggestions about the timing of such a week. It seems that the second or third week of August would be the most satisfactory time each year. For example, during that period this year the National Indian Council will hold its annual conference, and about the same time there will be the Fort Qu'Appelle powwow. I think the various Indian tribal and provincial organizations could co-ordinate their activities around such a proposed national Indian week.

Quite frankly I prefer the idea of a national Indian week because it would arouse more attention than a single day's events. There are other reasons for suggesting a period of a week. Many exhibitions are held in various parts of Canada around the middle of August and they would provide a good setting for many Indian activities. There could be exhibitions of Indian handicrafts and dancing, but more than that the exhibitions would provide meeting places for Indians all across Canada.

• (5:20 p.m.)

Personally, I should like to see more stress placed on the future role of young Indians in Canada. I think we tend to stress the past too much when we speak about our Indians; it is the future which certainly is most important. With most of our Indian population under the age of 25 I think it is essential that national Indian day or national Indian week be used to provide our Indian youngsters who are just about to emerge into the Canadian mainstream of life with some idea of how they can fit into this life.

Since I have indicated my support for the proposal of the hon. member for Cape Breton North and Victoria, I would hope that he and other members would support an idea which has been circulating among various Indian groups in Canada for some time now. I refer to the formation of a national Indian dance troupe. There is no question in my mind but that such a dance troupe could bring about a flowering of Indian talent in Canada. If it were well run I think it could become self-sufficient fairly quickly and at least at the international level I think it could attain a fame which perhaps even our national ballet could not.

In the minds of most Europeans Canada is still associated with Indians more than the United States is, and I believe this is a good thing. Some people think it is a poor image for Canada to have in Europe but I think the reverse is true. I believe it is an excellent thing and we should capitalize on it. I believe an Indian dance troupe most certainly could act in the role of a Canadian ambassador abroad and would stir even more interest in our country among Europeans.

In my own constituency where Caughnawaga and St. Regis reserves are located, because of the world exhibition in Montreal the centennial year naturally is creating much interest. There are now fairly well advanced plans at Caughnawaga to receive Indians from across Canada. A residential village is planned and the people of Caughnawaga hope to play host to Indians from across Canada who will be attending the world exhibition and participating in it.

A month or two ago I was extemely happy to discover that our government had decided

to invest a substantial sum of money in an Indian pavilion at the world exhibition site. The amount mentioned in the announcement is approximately $1 million. I am confident this pavilion will do honour to all our Indian citizens and I am sure it will be one of the most visited places at our world exhibition. The show promises to be top notch. If I am not mistaken, we will have Indians from every province in Canada including representatives from British Columbia with their famous totem poles. We will have exhibitions of the varying cultures which exist among our Indian population in Canada. All in all I am confident the pavilion will be one of the smash hits of the 1967 world exhibition, and I am extremely happy that the government has decided to go along with the idea of building a pavilion.

I think the most important thing which will result from the creation of a national Indian day is that it will help to stimulate self-pride and help preserve the various cultures which exist among our Indian population. Over the years we have heard a great number of solutions proposed in respect of the problems which beset our Indian people. The solution which continues to come forward in one form or another is complete assimilation and integration into our society, with the disappearance of the reserve system. I certainly think it is to the advantage of our Indians if they are integrated into our economic way of life and this necessarily implies social adaptation and integration on their part. This is a process which has been going on gradually for a long time. The explosive growth in the population of Indians now necessitates much more rapid economic and social integration.

What the Indians fear and what often turns them against this necessary social and economic integration is that their culture too will be integrated and assimilated and therefore disappear. This is a justifiable fear. It is for this reason that I personally favour the retention, at least in southern Quebec and southern Ontario where I know the situation, of the reserve system because I believe it is only within the reserves that there lies any hope of cultural preservation. The creation of an Indian day for Canada would contribute to this necessary cultural preservation. It is this problem above all which I think concerns so many of the educated and articulate young Indians who now are emerging from our educational system and who are taking their part in the mainstream of Canadian life.

• (5:30 p.m.)

It would be my hope that the creation of a national Indian day would contribute to the self-pride and self-confidence which our Indian people must have if they are to preserve their culture and be able to enter into the mainstream of life. There certainly is no lack of self-confidence among the Indian people of Caughnawaga or St. Regis whom I represent. I think there is a lack of self-confidence among Indian people in other parts of Canada. This is probably the thing that holds Indians back from playing a full role in our society and economy. I believe that the Canadian government in its policies toward Indians over the years is in large part responsible for this lack of self-confidence. The paternalism which guided the policies of the Indian affairs branch until very recently did far more harm than good to our Indian people. I believe that if they had been left completely on their own for 75 years up to 1963 our Indian people would have been far better off.

However, Mr. Speaker, this paternalism has come to an end. The head of the department is, I think, an excellent man and the budget of the department has recently been more than doubled. I am fully confident that in the next few years the so-called Indian problem in Canada will largely disappear and we will see a full flowering of Indian culture throughout this country.

There is one other point I wish to make. I hope this matter is not open to criticism too much longer but another measure that continues to hold back our Indian population is the Indian Act. I do not believe that anywhere in Canada are the inadequacies of the Indian Act more evident than in its application to the reserve at Caughnawaga. Here is a reserve that is part of Montreal suburbia; yet the people living there are subject to the same rules and regulations that apply to marshland Indians living in the James Bay area or east or west of Hudson Bay.

The application of this act to Indians living on a reserve such as Caughnawaga just does not make any sense. It is essential that the Department of Indian Affairs and the government now move rapidly to alter the Indian Act radically. In fact, I think the whole thing should be thrown out and we should start anew with an act that can be applied to southern reserves and those in less developed areas in which our Indian people reside.

Certainly the present act is completely outdated so far as the people I represent are concerned. The act is holding back development in my area because we find, for example, that our local Indians are unable to have their own police force, they are unable to set up a municipal type government that will serve them so much better than the present one, they are unable really to take over control of their own reserve, which in the case of my constituency would be the best solution. Caughnawaga is quite capable of looking after its own affairs but the present Indian Act prevents the Indians there from so doing.

It is my hope that with wholesale changes in the Indian Act, with the change in emphasis from paternalism to self-help, with stress on a national Indian day, a national Indian week, stress on the richness of the Indian culture that exists in this country, we will very soon have a completely different Indian in this country. We will have an Indian who will feel completely self-confident but will remain completely Indian, one who will be able to go out into our economy and earn a living that is as good as that of any other Canadian citizen but will at the same time feel free to go back and enjoy the life, the hunting and fishing on his own reserve. We will have an Indian who can combine the best of both worlds. His world is a good one but the world in which we live is a good one too and there must be some adjustment between the two.

I am confident that the Canadian Indian is capable of finding the role that will enable him to enjoy the best of both worlds. It is my earnest hope, and one that I am confident is shared by all hon. members, that not only will our Indian peoples be able to preserve their various cultures but as they assume a full role in our economic and social life there will occur a flowering of the many Indian cultures in Canada in a way that will enrich our national fabric.

Mr. Frank Howard (Skeena): Mr. Speaker, after listening to the long dissertation of the hon. member for Châteauguay-Huntingdon-Laprairie (Mr. Watson) I wonder whether enough time is available for a vote on this motion. I think it is imperative that this motion, if no other during this parliament, should be the subject of definitive action by parliament by way of a formal vote on a private member's motion indicating what I hope will be our unanimous support for the principle and concept of the motion.

[Mr. Watson (Châteauguay-Huntingdon-Laprairie).]

Some hon. Members: Hear, hear.

Mr. Howard: The concept of a national Indian day perhaps had its origin among the native Indian peoples on March 4 and 5, 1965, when at a meeting of the Indian advisory committee to the Centennial Commission the idea was proposed by Mr. Guy Williams who was then and is now the president of the Native Brotherhood of British Columbia. I think it is appropriate and coincidental that Mr. Williams is in Ottawa today and is in fact a guest of the House of Commons in the gallery, together with three extremely attractive, young native Indian ladies.

Some hon. Members: Hear, hear.

Mr. Howard: In the past few years there has been a growing interest among non-Indian people in the affairs of the native Indian population of Canada. There is certainly a growing and developing interest among members of parliament. I have noticed a decided change in that more members have in recent years paid attention to and spoken about Indian affairs than was the case just six or eight years ago. There is also a growing interest by native Indian people in their own affairs, in their own well being, their own stature and progress. This is excellent, because we all know that only from among and within any group of people will come the leaders of that group. They will not come from outside but from inside.

• (5:40 p.m.)

I think the history of the development of Canada shows, even to one who has read it scantily, that our development as a nation is very closely interwoven with the history, development and culture of our native Indian peoples in all parts of the country and that the two are inextricably mixed together in the fabric of this nation. Even though I believe there must be unanimous support for this motion, in my opinion the best way we can, in the words of the motion itself, "recognize their outstanding contributions to our national life" is not exclusively by a national day, a national week or participation in our centennial year. Canada could give them recognition by doing everything possible to help the development of self-government amongst our native Indian people, by doing everything possible to bring about the time when there is no Indian Act, no more

government bureaucracy to stand in the way of progress so much needed by our native people.

We can develop recognition of their outstanding contributions as individuals by reading a little of the history of our native people. If we read that history we will understand and admire their culture, thir philosophy and their way of life. Believe me, if the members of this House of Commons had even half of the philosophic concept of life that our native people had years ago, we would not have nearly the trouble we have within this nation. They had a philosophy, an understanding and a concept of life that far surpasses anything we have been able to develop. We need not be patronizing or paternal in our attitude any longer. Rather we should accept this group of people because they are human beings and a part of life on this planet. They are not just a particular group of people with a particular ethnic background.

It has become commonplace, Mr. Speaker, in this parliament and in others which preceded it for motions in the names of private members to be talked out, in other words, not allowed to come to a vote. So far as the New Democratic party is concerned, and I have consulted with our members who are here, we are desirous of having this motion come to a vote. We have only one person to make a few comments, namely, myself, and we hope other members will be equally brief in their remarks. This is not the time for parliament to be speaking with a forked tongue, as the saying goes amongst some native tribes; this is the time for parliament to show by action that we do not only talk in favour of the recognition of the cultural development of the native people but we act as well.

I sincerely urge that even if parliament votes upon no other motion in the name of a private member, no other private member's public bill, no other business of a private member, we would be well advised to vote on the motion before us now. Then the native people would know we have respect for their contribution and that we recognize fully their historical development and cultural contribution to Canadian society.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I am very happy to rise at this time and speak in support of the motion introduced by the hon. member for Cape Breton North and Victoria (Mr. Muir). I note that the objective hoped to be achieved by the motion is the marking of the presence among us of our first citizens and the recognition of their outstanding contribution to our national life. I believe there is an increasing awareness amongst the general population of Canada of the existence of the native people and a corresponding desire to atone in some measure for the attitude which we in general have taken toward them, either consciously or unconsciously, in the past.

The motion before us has to do not with our responsibilities to the native people from an economic point of view but with a recognition of their cultural contribution and the importance of this human resource in our midst. As we think of the motion before us I believe we must recognize the very important contribution that has been made to Canadian life by the native people. We must recognize also the fact that the native people are able to make an invaluable contribution to the various segments of our economy in which they move. This has been pointed out by the mover of the motion in referring to the number of native people who have made an outstanding success in their chosen vocation, profession or trade.

I believe that the adoption of this motion and the proclaiming of a national Indian day will not only bring to these people a sense of satisfaction through knowing that we do appreciate their contribution and recognize their abilities but it will assist the non-Indian population of Canada to have a greater appreciation for and and a greater knowledge of the contribution the Indian people are making. I am therefore not going to take further time and thereby contribute to talking out this measure. I simply want to indicate clearly that we are in full support of this motion and we hope we will have an opportunity of so indicating by voting on it before six o'clock.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, first of all, I want to congratulate the mover of this notice of motion stressing the impotrance of the contribution of the Indians to the building of our country, since they were its first inhabitants.

We will celebrate next year the centennial of our country's confederation and the Centennial Commission, which is responsible for the preparation of the various programs and celebrations which will mark in 1967 the various events of that period of our history, wants to stress the importance of each of the

ethnic groups which make up our country. That is why the Centennial Commission looks very favourably on this motion moved by the hon. member for Cape Breton North and Victoria (Mr. Muir).

In March 1965, the Centennial Commission met in Ottawa with 18 Indian leaders from all parts of Canada to get their advice on the participation of the Indians to the centennial celebrations. One of the most important recommendations made by that group reads as follows:

> That a National Indian Day be appointed;
> Considering that a National Indian Day would recognize the contribution made by the Indians to the Canadian civilization.

In November 1965, another national meeting was held in Winnipeg and the Indian leaders from eight provinces attended. Even if the main subject of discussion dealt with the Indian folklore, as reflected today in Indian festivals, reconstitutions and powwows, and their integration in the centennial celebrations, one of the resolutions passed at that time provided for the proclamation of a National Indian Day. The resolution was sent to the Indian National Advisory Council, whose members are appointed by the Indians throughout Canada, with the recommendation that the Indian Affairs Branch be invited to implement it. The Indian National Advisory Council met again at the beginning of January 1966 in Ottawa and strongly recommended to the Indian Affairs Branch to create a National Indian Day.

Quite recently, the Centennial Commission once again met in Ottawa, on April 18 and 19, 1966, with 22 Indian leaders from eight provinces to follow up the work undertaken at the conference of March 1965, in order to evaluate the progress made with regard to the projects devised by the Indians for the centennial.

At that meeting it was suggested that a National Indian Day be proclaimed. Everyone agreed that since the treaties with the Indians were signed during the reign of Queen Victoria, the most appropriate and most significant date would be May 24. It was therefore unanimously agreed to include in the minutes of the meeting a request to the Centennial Commission and the Indian Affairs Branch to support the recommendation to the effect that May 24 be recognized throughout Canada as National Indian Day.

That recommendation is now being studied by the Indian Affairs Branch as well as by the officials of the Centennial Commission.

• (5:50 p.m.)

[*English*]

Mr. Deputy Speaker: The hon. member for Parkdale.

Mr. Howard: Mr. Speaker, could I rise on a question of privilege? We have had representative spokesmen from each of the parties except the Ralliement Créditistes and two spokesmen from the Liberals. Could we not dispense with further comment—there are only five minutes left—in order that a matter both vital and important might be voted on and parliament given an opportunity to express its opinion?

Mr. Deputy Speaker: Order. I recognize the point made by the hon. member for Skeena but the Chair has no authority to curtail debate. The hon. member for Parkdale.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, before the hon. member commences his remarks may I at this time appeal to the minister who is present in the house—

Mr. Deputy Speaker: Order, please.

Mr. Muir (Cape Breton North and Victoria): —and to the government to allow this matter to come to a vote.

Mr. Deputy Speaker: Order, please. I should point out to the hon. member for Cape Breton North and Victoria that if he speaks now he will close the debate.

Mr. Howard: Go ahead.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, I welcome this opportunity to join with my colleagues in this house in expressing my tribute to the Indian people—

Mr. Muir (Cape Breton North and Victoria): You can express it by voting.

Mr. Haidasz: —for their contribution to the development of this country. They have played a commendable role in the history of Canada and should therefore be recognized especially by their fellow Canadians at this time when we are on the eve of the centennial of the confederation of Canada and making preparations for our one hundredth birthday.

I want to join with hon. members who have spoken before me in the tributes which they have paid not only to the Indian people and their leaders but also to the present government and the Minister of Northern

Affairs and National Resources (Mr. Laing) for having launched a massive program to improve the economic and social conditions of the Indian people. I refer, Mr. Speaker, in particular to the program which will devote $112 million in the next five years to this end, as announced by the Superintendent General of Indian Affairs, the Minister of Northern Affairs and National Resources.

I also wish to stress the fact that the government will be organizing a special program to honour the Indian people, their culture and their contribution to the history of Canada by erecting an Indian pavilion at Expo '67. This has already been announced in a special press release last month, and I am happy to state that the appointment of the chief of the Caughnawaga Indian Band Council has been approved as the Commissioner General of the Indians of Canada pavilion at Expo '67. Chief Delisle's primary responsibility will be to ensure that the Indians of Canada pavilion will be truly representative of the views and aspirations of the Indians and will give visitors from across Canada and from the entire world a faithful picture of Indian life and culture in this country.

Mr. Muir (Cape Breton North and Victoria): Would the hon. member permit a question? May I ask him how many of our Indian people in British Columbia, in Nova Scotia and all across the country who are not close to Montreal will see this pavilion or have any part in it? It is a very good thing, but how many of our Indian people will participate? The hon. member has one minute left, so can we vote?

Mr. Haidasz: In the programs and projects organized by the centennial committee I am happy to state that there are several Indian Affairs projects across Canada not only contemplated but already approved by the Indian bands. For example, I should like to mention a pictorial history of the Canadian Indians and a joint Canada-United States Indian conference in the summer of 1967. An Indian editors' conference has already been held and there will be other Indian projects, such as Indian powwows and the famous Canadian Indians exhibit at the Canadian National Exhibition.

Mr. Howard: Question.

Mr. Haidasz: All members have spoken in complimentary terms about the resolution presented to the house by the hon. member, and I have not heard any dissenting voice on this matter. However, Mr. Speaker, it is my opinion that this resolution should first of all be studied by the government and referred to the National Indian Advisory Board of Canada. May I call it six o'clock?

Mr. Deputy Speaker: Order. The hour for the consideration of private members' business has expired.

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

HOUSE OF COMMONS

Thursday, April 21, 1966

The house met at 2.30 p.m.

[*Translation*]

BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS

MOTION FOR CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Gérard Pelletier (Hochelaga) presented the first report of the standing committee on broadcasting, films and assistance to the arts.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

[*Later:*]

He said: Mr. Speaker, with the consent of the house, I move, seconded by the member for Québec-Montmorency (Mr. Laflamme), that the first report of the standing committee on broadcasting, films and assistance to the arts, presented this day, be now concurred in.

Mr. Réal Caouette (Villeneuve): In French and in English.

[*English*]

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I am not prepared to give unanimous consent.

[*Translation*]

Mr. Speaker: The hon. member for Hochelega probably knows that the unanimous consent of the house is required to move this motion. Since consent has not been given, the motion cannot be moved.

[*English*]

Mr. David Lewis (York South): Mr. Speaker, I rise on a point of order. With respect, I should like to ask whether it is possible for the Prime Minister or the house leader, one or both, to find some way of making it possible for the committee to meet, instead of allowing one intransigent member of this house to frustrate the will of the committee, of parliament and, indeed, of the people of Canada.

Mr. Speaker: Order, please.

FINANCE

EXTENSION OF EXEMPTION UNDER U.S. SECURITIES LEGISLATION

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, hon. members will recall that when I reported to the house on March 7 on the last meeting of the joint Canada-United States ministerial committee I drew attention to the discussion we had had on the proposed S.E.C. regulations applying to foreign securities traded over the counter in the United States.

I now wish to advise the house that the S.E.C. has announced that the exemption for foreign issuers from these regulations is being extended to November 30. Having regard to the time allowed for companies to register, this means that in effect no Canadian company would be affected before April of next year at the earliest. The government welcomes this announcement since it provides an opportunity for further discussion of the issues involved with interested authorities in Canada as a basis for working out a mutually satisfactory long term solution with the United States government.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my only comment on this announcement is that we will, of course, want to look into its implications. However, as in some of the other dealings the Canadian government has had with the United States government in regard to financial relations between the two countries, guide lines and what have you, there has usually been a quid pro quo. The minister has said nothing about whether Canada has had to make certain concessions in this regard, or whether this has been merely a straight extension. Canada having obtained certain concessions under the interest equalization act, we also know what sort of halter we put around our necks in order to do so.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, we are glad to have the announcement just made by the Secretary of State for External Affairs. This promises a respite from the proposed changes under the S.E.C. regulations. I hope, however, that the government will exercise all possible measures and persuasion to have the United States

government agree that as of April next these S.E.C. regulations will be waived entirely; because I think they have caused a good deal of concern in Canada, and it would be most unjust if they were imposed next April.

• (2:40 p.m.)

LABOUR CONDITIONS

ANNOUNCEMENT OF CHANGE IN MANPOWER MOBILITY PROGRAM

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, I would like to inform the house of an important change in the manpower mobility program. In the program as instituted at the end of last year, a worker can receive a grant to help him to move only if he has been unemployed for four out of the previous six months. Otherwise he can get assistance but only as a loan. We wish to broaden the grant part of the program, but the house will appreciate that this can be done only carefully, as our administrative experience of this type of assistance increases, so that we do not incur abuses.

The step forward we have now taken affects areas where the shut-down of an enterprise, or a lay-off, is of such a size in relation to total employment in the area that unemployed workers have little chance of getting jobs except by moving. This situation is particularly likely to arise in remote areas, as when a mine closes. The regulations have therefore been amended to provide that the minister may designate such an area, and that unemployed people in the area will then be eligible for mobility grants without the qualification of having been unemployed for four months.

Under the terms of this new regulation I have today designated Bissett, Manitoba, as an area where, for the next 12 months, mobility grants will be available on the new terms. As you are aware, Mr. Speaker, the need for this assistance arises from the shut-down of San Antonio Gold Mines. I should add that in view of the recent announcement of the intended closing of the Wabana mine, I expect shortly to designate Bell Island, Newfoundland, for similar assistance. The problems of the people there may be particularly difficult, and my department is urgently examining, in collaboration with other departments, what special action we might take in conjunction with the designation of the area for mobility grants.

[Mr. Douglas.]

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I am sure that we have all listened with great interest to the comments made by the minister with respect to the change in the regulations concerning grants and loans. In particular he mentioned the Wabana area in Bell Island, Newfoundland.

Certainly what has now been announced is a decided improvement over what existed previously. In the long run, however, I suggest that it would be much better for the government to do all it can to provide employment in the particular areas mentioned, and in other similar areas, rather than providing the Gordon one way tickets out of those areas. That remark has particular reference to the maritime provinces.

Mr. David Orlikow (Winnipeg North): I am sure that members of all parties, and those in the organized labour movement who have called for an expansion of the manpower program, will greet the announcement the minister has made today with a great deal of satisfaction. It indicates at least a beginning of a change in the government's thinking. It seems to many of us and to people outside the house concerned with this that the government and the departments concerned until very recently felt that the manpower program, such as it was, was adequate. It was very obvious to everybody concerned that a good deal needed to be done.

We think this announcement shows a step in the right direction. However, Mr. Speaker, I hope the minister will shortly look at the recommendations of bodies such as the Economic Council which urge that the whole programs of loans be wiped out, and that this kind of problem be dealt with through grants. It is obviously unfair and impractical to expect people who for a long time have been unemployed to pay back money which has been advanced to them so they can move to a job where they can earn a living for themselves and their families. As a beginning, however, we welcome this.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I have listened attentively to the statement of the minister of manpower (Mr. Marchand) to the effect that, for certain areas of Canada, the government is ready to intervene and grant loans to those who need them and to facilitate their mobility when required.

These measures are liable to be of assistance to certain areas such as those the minister mentioned. I should, however, like to call the minister's attention to other areas which he has not mentioned this afternoon, for instance the area of Val d'Or-Malartic, where gold mines are to close. Other mines are discontinuing their operations and we have to attend to moving such manpower as is no longer needed.

If the minister were to make a thorough study of the situation prevailing in our region, I think he would ask his colleagues to urge the government to help create new industries and develop new mines wherever this can be done, so as to keep our manpower in our region and avoid any relocation. This would not only prevent relocation of workers, but it would also prevent them from running into debt because, according to government policy, they would have to pay back, over the next five or ten years, the loans obtained.

I, therefore, draw the attention of the minister to this matter. I hope that he will examine it thoroughly and that new industries will be attracted to areas where workers are already established so that they may go on living there.

• (2:50 p.m.)

[*Translation*]

IMMIGRATION

FARM LABOUR FROM JAMAICA FOR SOUTHWESTERN ONTARIO

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, I wish to make a statement on government policy with regard to the entry into Canada of Jamaican workers coming to help with the crops and other agricultural work.

A thorough study of seasonal labour demands undertaken by the department and the national farm labour committee indicates that Canadian workers can meet the demand in the various parts of Canada, provided however that recruiting is intensified and the movement of labour is well planned.

Nevertheless, a shortage of workers for picking fruit and vegetable crops in southwestern Ontario is almost assured, this coming summer and fall.

Under those circumstances, my department has agreed to authorize, in advance, the entry of Jamaican workers, so that farmers and fruit growers might prepare for their crops. I wish to make it clear that the entry into Canada of foreign workers is permitted only under strictly ordered and specific conditions and must not interfere with the salaries, conditions of work and job opportunities enjoyed by Canadian workers.

After consultation with the Ontario branch of the federal-provincial committee on farm labour, the government stipulates that farmers, before hiring Jamaican seasonal labour, must agree to a number of conditions, including a minimum salary of $1.25 per hour, in addition to adequate lodgings; a period of work of not less than eight weeks and not more than 16 weeks, but which shall be extended so as to guarantee an average weekly salary of $50 during the period of employment; and the payment, by the operator, of travelling expenses to and from the operation.

Casual employment will be offered Canadian workers under similar or even better conditions than those I have just outlined, under the federal-provincial agreement on farm labour. Travelling expenses of workers hired for at least five weeks will be paid, as well as the return fare in the case of those having worked at least for that period of time. If, for one reason or another, a worker cannot complete his assignment, he will be paid the return fare of a substitute.

Fruit and vegetable growers in southwestern Ontario are requested to notify without delay the National Employment Service in regard to the workers they want to hire, under those or better conditions. Applications for Jamaican workers will not be accepted after May 15.

After the applications reach the National Employment Service, discussions will be held with Jamaican authorities with regard to the conditions of employment laid down by the department. The producers themselves will then conclude the negotiations with the Jamaican authorities. The Immigration Service of the department will look after the official procedures governing the entry of workers into Canada, in accordance with the agreements entered into with the authorities of Jamaica.

The Canadian government has agreed to seek in Caribbean countries, Commonwealth members with which our country has special ties, the labour it might need. The government of Jamaica has shown interest in our seasonal workers on several occasions. During his visit to Jamaica in November 1965, the Prime Minister of Canada (Mr. Pearson) was approached on this subject. But since the agreements will have to be entered into over a limited period of time, it has been decided

to restrict to Jamaica, at first, the recruiting of workers. It is known that other Caribbean governments are interested in our seasonal workers. Therefore, if the present provisions are extended, the Canadian government would be ready to begin negotiations with the countries concerned.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the statement the minister has just made is extremely important. It raises a question which has concerned people in Canada and the United States for a number of years, the question of the importation of people from foreign countries to work on Canadian and United States farms.

The provision whereby these workers will be guaranteed a minimum wage of $1.25 an hour is a good one, as is the requirement that they be given adequate housing facilities. However, Mr. Speaker, I would hope the government will do more than merely put this on paper. To my knowledge, every year there have been complaints and well founded newspaper articles about the fact that agricultural workers in general, working on seasonal projects, have been housed under the most primitive and unsanitary conditions possible. I would expect that the federal government, which is arranging this plan, will also arrange for inspection of the housing accommodation provided for these people in order to make sure that the agreement the minister has announced will actually be lived up to and enforced.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, this decision of the minister or of the government to admit Jamaican workers into Canada to help bring in the crop, mainly in southwestern Ontario, comes as something of a surprise to me.

Every year this part of Ontario generally called the fruit and tobacco valley, cries out for additional manpower at a certain time of the year.

Well, every year in my area, as in many other areas of the province of Quebec, people are anxious to go and work at these crops in southwestern Ontario. Most of the time they are told that there is no work for them, that they cannot be hired. There are thousands of Canadians anxious to work at these crops.

I do not believe the minister at all when he tells us that there is a lack of manpower. Rather, I think that pressures are now being applied on the department and the government to allow the farmers of this part of Ontario to get workers who will be paid about $1.25 an hour instead of $2 or even $3 an hour during harvest time.

Here, I should like to call the attention of the minister to the fact that not only are people over 30 asking for work, but that a great number of university students from Toronto, Montreal and Quebec city would like to work for these Ontario farmers at harvest time.

I wonder whether it is sensible at this time to invite Jamaican workers to come and help with the harvest of this part of Ontario, this Canadian region?

Mr. Speaker, the hon. minister does not tell us how many immigrants will thus be admitted into Canada. He says that, according to the data of the National Employment Service, it will be possible to establish the number of Jamaican workers who will come. I appeal again to the hon. minister, not because I am against the Jamaican workers or the farmers who want to obtain workers at a lower price, but since we have students who are looking for such work in order to earn money to continue their studies and workers who want to earn enough to allow them to live in their own province, I do not think that, under the circumstances, it is at all advisable to invite Jamaicans or other foreigners to help with the fruit or tobacco harvest in Ontario.

[*English*]

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I am pleased to see that the government is taking some action to resolve the critical shortage of agricultural workers, but what I fail to understand is why this is confined strictly to southwestern Ontario when representations have been made in this house on behalf of farm organizations from western Canada in respect of the serious shortage of workers on the prairies and in many other parts of Canada. Therefore it is very difficult for me to understand why the minister is confining this to the fruit and vegetable growers; why these are the only people from whom he will accept applications, in southwestern Ontario.

An hon. Member: Also tobacco.

Mr. Olson: Mr. Speaker, representation has been made to the minister's department regarding the sugar beet workers in southern Alberta and southern Manitoba, but there has been no announcement to the effect that the nationals of other countries will be allowed into Canada to help overcome this problem. I

am pleased that the minister has announced there will be some minimum standards set up in so far as living accommodation and wages are concerned, because certainly we do not want to bring in workers from offshore and cut down the standards of the people in Canada who are doing this type of work.

In Alberta I believe there has been some concentrated effort to bring Indian workers from the reserves in northern Alberta and northern Saskatchewan to assist in the fields of southern Alberta. I am wondering whether the program in respect of Canadian seasonal workers will be applied to these Indian workers who come from the northern part of the province into the south; because certainly if the manpower mobility program is to be extended to any workers, I believe these Indian workers have a right to participate in this type of a program.

• (3:00 p.m.)

Generally we are pleased to see that something is being done, but it seems that it is restrictive and discriminatory if it is to be confined in the way suggested.

[*Translation*]

CRIMINAL CODE

AMENDMENT RESPECTING HABITUAL CRIMINALS

Mr. Raynald Guay (Lévis) moved for leave to introduce Bill No. C-166, an Act to amend the Criminal Code (Habitual Criminals).

Some hon. Members: Explain.

Mr. Guay: Mr. Speaker, the bill I am introducing to amend section 660 of the Criminal Code is for the protection of society as well as the rehabilitation of the criminal; it not only tends to punish but also to prevent crime.

In view of the spectacular failure of certain parole cases brought to light, while so many others have gone unnoticed when persons had through this method succeeded in being reinstated in society; also, in view of the less spectacular but no less real failure of the present penal system showing an average rate of relapse of 60 to 70 per cent which did not fail to be cited by the champions of criminal treatment against the believers in the specific value of the penalty, I deemed it my duty to move this bill.

In short, such deprivation of freedom will last as long as remedial measures are indicated.

Motion agreed to and bill read the first time.

23033—260

[*English*]

AMENDMENTS RESPECTING COMMUTATION OF DEATH SENTENCES

On the order:

Introduction of bills. Mr. Choquette—Bill intituled an act to amend the Criminal Code (repeal of power to commute a sentence of death).

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I rise on a point of order in respect of the bill entitled "An act to amend the Criminal Code (repeal of power to commute a sentence of death)." This bill should not be before parliament and it has no place on the order paper. There can be no interference with the Queen's right to grant mercy, even though this member would abolish the Queen. This ought not to be on the order paper; it is unconstitutional and improper, and cannot be justified on any ground.

[*Translation*]

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, with all due respect to the Leader of the Opposition (Mr. Diefenbaker), I rise on a point of order.

The hon. member for Winnipeg North Centre (Mr. Knowles) recently introduced in this house a bill providing for the abolition of the Senate. Such a bill is, on the very face of it, unconstitutional, and yet it was decided that once a bill is put on the orders of the day it must be given first reading without further ado. The objection of the Leader of the Opposition is unfounded.

[*English*]

Mr. Speaker: Order, please. The Chair will take into consideration and study the remarks of the right hon. Leader of the Opposition.

[*Translation*]

Mr. Choquette: Mr. Speaker, I had not finished. This is in no way a Queen's prerogative. By referring to section 655, subsection (1) of the Criminal Code, the Leader of the Opposition will note that it deals specifically with the royal prerogative and, in my view, the bill in question is to amend subsection (2) of section 655 of the Criminal Code in a way that does not affect the royal prerogative.

[*English*]

Mr. Diefenbaker: That is what the difference is; commutation is an exercise of the royal prerogative.

Introduction of Legislation

Mr. Speaker: Order, please. As I understand the situation, the question is not whether the bill should or should not be given first reading, because that has already been granted by the house.

Some hon. Members: Oh, no.

Mr. Speaker: Order, please. In any event, as I said a moment ago the matter will be taken into consideration. The representations made by the right hon. Leader of the Opposition will be considered along with the remarks of the hon. member for Lotbinière.

FOOD AND DRUGS ACT

AMENDMENT RESPECTING LISTING OF INGREDIENTS

Mr. Max Saltsman (Waterloo South) moved the first reading of Bill No. C-167, to amend the Food and Drugs Act (listing of ingredients).

Some hon. Members: Explain.

Mr. Saltsman: Mr. Speaker, the purpose of this bill is to amend the Food and Drugs Act to require producers of foods and drugs placed on the Canadian market to accurately and completely list all ingredients on the labels of their products as far as possible. Ingredient labelling is of particular significance to the many Canadians suffering from various allergies, to whom knowledge of contents in the manufactured food is of great importance.

Motion agreed to and bill read the first time.

FARM CREDIT ACT

AMENDMENTS INCREASING AUTHORIZED CAPITAL AND BORROWING CAPACITY OF CORPORATION

Hon. J. J. Greene (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Farm Credit Act to increase the authorized capital of the Farm Credit Corporation from $24 million to $40 million and thereby to increase the maximum borrowing capacity of the said corporation from $600 million to $1 billion.

Motion agreed to.

PENSIONS

CORRELATION OF VARIOUS PLANS WITH CANADA PENSION PLAN

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended tc the house by His Excellency:

[Mr. Diefenbaker.]

That it is expedient to introduce a measure to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act and the Intercolonial and Prince Edward Island Railways Employees' Provident Act to provide for a reduction in the contributions required to be paid under those acts as a result of the implementation of the Canada Pension Plan and for the correlation of the pensions or annuities payable under those acts with the pensions payable under the Canada Pension Plan; to extend the portability provisions of certain of the plans established under those acts; to raise the limit on the amount of the supplementary death benefit payable in respect of persons employed in the public service and members of the Canadian forces; and to make amendments of a general nature in connection with the administration of those acts and of the Defence Services Pension Continuation Act and the Canadian Corporation for the 1967 World Exhibition Act.

Motion agreed to.

NEWFOUNDLAND

PROVISION FOR ADDITIONAL FINANCIAL ASSISTANCE UNDER TERM 29

Right Hon. L. B. Pearson (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to give effect to term 29 of the terms of union of Newfoundland with Canada and to pay to the province, out of the consolidated revenue fund, in the fiscal year commencing on the 1st day of April, 1967 and in each and every fiscal year thereafter, an annual amount, by way of additional financial assistance as contemplated by term 29, of $8 million.

Motion agreed to.

PUBLIC SERVICE

COMMITTEE TO CONSIDER EMPLOYER AND EMPLOYEE RELATIONS AND OTHER RELATED LEGISLATION

On the order: Government notices of motion:

That a joint committee of the Senate and House of Commons be appointed to inquire into and report upon a measure respecting employer and employee relations in the public service of Canada and upon such other related legislation as may be referred to it by either house; that 24 members of the House of Commons, to be designated at a later date, be members of the joint committee, and that standing order 67(1) of the House of Commons be suspended in relation thereto; that the said committee have power to call for persons, papers and records and examine witnesses; to report from

time to time and to print such papers and evidence from day to day as may be deemed advisable, and that standing order 66 be suspended in relation thereto; and that a message be sent to the Senate requesting that house to unite with this house for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed joint committee.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

HOUSING

REPORTED SHORTAGE OF MORTGAGE MONEY

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): In the absence of the Minister of Labour, Mr. Speaker, I direct this question to the Prime Minister, who I know has received correspondence, telegrams and the like from house builders across Canada relative to the shortage of funds available to them under Central Mortgage and Housing Corporation. Would the Prime Minister be prepared to have this matter looked into in view of the widespread criticism—possibly a better word would be the request—of builders everywhere across Canada that unless something is done in this connection there will be a very large reduction in employment and detriment to the economy as a whole?

Right Hon. L. B. Pearson (Prime Minister): The Minister of Labour, I believe, made a statement on this matter yesterday. I can only add to that statement what I believe he said also at that time, that the question is being looked into as a matter of urgency and importance.

Mr. G. L. Chatterton (Esquimalt-Saanich): May I ask a supplementary question. Will the Prime Minister give consideration to making further moneys available in the form of direct loans if the situation becomes critical?

Mr. Pearson: That is one aspect of the question that is being considered.

ADMINISTRATION OF JUSTICE

GEORGE VICTOR SPENCER—INVESTIGATION BY R.C.M.P. INTO DEATH

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Solicitor General, and ask him if the Royal Canadian Mounted Police have been asked to make an investigation into the circumstances surrounding the death of George Victor Spence.

Mr. Bell (Saint John-Albert): You said it.

Mr. Douglas: I mean Spencer. Has any report been received?

Hon. L. T. Pennell (Solicitor General): I understand a full investigation was carried out, there was a coroner's inquest and an autopsy performed. So far as I am aware, Mr. Speaker, the death was from natural causes.

Mr. Douglas: I was referring particularly to the circumstances surrounding the death. Will the minister ascertain how it was possible for a man whom the Prime Minister said was under surveillance in order to protect him against possible assassination could have been dead for several days before the R.C.M. Police became aware of this fact?

Mr. Pennell: I am speaking from memory now, but I believe the statement that was made in the house was that the surveillance in this case would be adapted to the necessities of the situation. The Royal Canadian Mounted Police at all times continued to take such steps as were deemed necessary in the circumstances of the case.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I ask a supplementary question?

Was the R.C.M.P. given orders to keep under constant surveillance Mr. Spencer's property or house?

Mr. Speaker: Order. I do not think that question is in order. The hon. member is asking if the R.C.M.P. was given orders or instructions. In my opinion, that question is not in order at this time.

[*English*]

REQUEST FOR ROYAL COMMISSION TO INVESTIGATE ORGANIZED CRIME

On the orders of the day:

Mr. Erik Nielsen (Yukon): I should like to direct a question to the Prime Minister. In view of the statement made yesterday, I believe, by the Minister of Justice for the province of Quebec, can the Prime Minister say whether he or his government has received any formal request or any request from the province of Quebec for the setting up of a royal commission to investigate organized crime in Canada?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): A communication has been sent by the federal government to the provinces, as I think I indicated in the house before the recess, dealing with the possibility of a conference to discuss this matter. I am not sure whether all replies are in, but I will inquire and possibly make a report when they all come in.

[*Translation*]

IMMIGRATION

FARM LABOUR FROM JAMAICA FOR SOUTHWESTERN ONTARIO

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I direct a question to the Minister of Citizenship and Immigration?

Does the minister remember the approximate number of Jamaican immigrants he says are needed to pick the fruit and tobacco crops in southern Ontario?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, when the agreement has been reached, those who want Jamaican workers will have to apply to the National Employment Service. I do not know how many will apply to that service under the conditions announced in the house.

[*English*]

[*Later:*]

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Minister of Citizenship and Immigration based on the statement he made earlier today. I should like to ask the minister whether he has considered or will consider applications from farmers in areas other than southwestern Ontario for additional farm labour if they should make application to him; for example, from sugar beet producers in southern Alberta.

Mr. Marchand: Wherever there is a shortage of labour we are ready to consider the same proposition.

Mr. Olson: A supplementary question. Can I ask the minister whether southwestern Ontario is the only place in Canada which is considered to be short of farm labour?

Mr. Speaker: Order, please. The question is argumentative.

Mr. Olson: Mr. Speaker, you have suggested that the question is argumentative but I was simply asking the minister which areas in Canada the government considers to be short of labour at the moment. I think it would be helpful for farmers in other parts of Canada to know, for example, whether or not applications would be entertained.

[Mr. Nielsen.]

Mr. Marchand: Mr. Speaker, I think applications have been filed by some Alberta agriculturists. These have been studied, and if they are ready to discuss them I am ready to meet these people and also to give the hon. member the reasons we have refused them.

Mr. T. S. Barnett (Comox-Alberni): A supplementary question. May I ask whether the minister has had any official communication from the government of British Columbia with regard to bringing farm labour into that province from either Jamaica or Mexico?

Mr. Marchand: To my knowledge, not from the government of British Columbia. I can try to get some information about this matter. Perhaps the communication came to my department. It did not come to me.

[*Translation*]

[*Later:*]

Mr. Caouette: Mr. Speaker, may I put a supplementary question to the hon. Minister of Citizenship and Immigration? Has the hon. member received requests, for instance, from the province of Quebec, for help with the blueberry crop in the Lake St. John region?

[*English*]

Mr. Speaker: Order, please.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a supplementary question for the Minister of Citizenship and Immigration. Will the government or the department entertain applications for the bringing in of farm labour from other countries as well as from Jamaica?

[*Translation*]

[*Later:*]

Mr. Marchand: Mr. Speaker, we have limited our request for workers, or rather imports of labour, to the Commonwealth countries. Now, if there still was a labour shortage and we had to look elsewhere for workers, even then the principle would not be affected as it would be a matter of discussing each case and finding out what type of labour is required. For instance, someone mentioned a while ago that anyone could pick fruit. Because of certain aspects of that operation, the work cannot be performed by just anyone, the workers required must be skilled.

We are therefore dealing with specific cases and I cannot answer for each one of them, unless you define them individually.

[*English*]

Mr. Lawrence E. Kindt (Macleod): I have a supplementary question for the Minister of Citizenship and Immigration. As part of the agreement being worked out, is it the thought of the government that these labourers will be returned to Jamaica after their employment?

Mr. Marchand: It is a condition.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO OVERSPENDING BY PRODUCERS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is directed to the Secretary of State. Before asking it I would commend the good lady for her concern for the taxpayers' stake in the C.B.C. My question, of which I have sent her notice, is this. Is it true that one C.B.C. producer named Wilson Southam spent up to ten times what was approved, having been previously warned about overspending on other programs?

Mr. Speaker: Order. That question should be placed on the order paper.

AGRICULTURE

TRANSPORTATION OF LIVESTOCK—REQUEST FOR AMENDMENT OF CRIMINAL CODE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to my favourite Minister of Agriculture. In view of the increasing number of livestock being hauled by motor truck, and the representations made by the Canadian Federation of Humane Societies as well as other organizations for legislation to meet these changing transportation practices, has the minister given any consideration to amending the cruelty section of the Criminal Code to bring the provisions of section 389 in line with modern transportation requirements?

Hon. J. J. Greene (Minister of Agriculture): I should like to thank my favourite and venerable member for Kootenay West for giving me notice of his question. In reply I may say departmental officials are looking into this in conjunction with officials of the Department of Justice. Many representations have been received with regard to this very important question, and if remedial action is deemed necessary the amendment to the Criminal Code will be announced in the normal manner.

Mr. W. B. Nesbitt (Oxford): I should like to address a supplementary question to the Prime Minister. In view of the fact most members of this house have received many representations concerning cruelty to animals in its various aspects, I was wondering if the Prime Minister would recommend to his colleagues that this whole subject be referred to an appropriate committee of parliament for general consideration and recommendation.

Right Hon. L. B. Pearson (Prime Minister): I will be glad to look into that matter, Mr. Speaker.

OTTAWA VALLEY—REQUEST FOR ASSISTANCE IN SPEEDING UP LOANS

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, my question is directed to the Minister of Agriculture and is one which I feel is of the utmost urgency in view of the fact that many farmers in the Ottawa valley and the surrounding area, due to severe crop loss from the drought last year, are unable to procure seed and other supplies for this year's crop unless loans are made available immediately. Has the government received a request from the Ontario government for co-operative assistance to provide these loans and, if so, what action is being taken?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, as of this date I have received no request in this regard, although I am given to understand from a news release from Toronto that such a request is to be made.

SASKATCHEWAN—PETITION RESPECTING BROKENSHELL COMMUNITY PASTURES

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Has he received a petition from the patrons of Brokenshell community pastures Nos. 1 and 2 protesting the use of "A.I."?

Mr. Speaker: Order. That question should be on the order paper.

Inquiries of the Ministry

ROYAL CANADIAN MOUNTED POLICE

NOVA SCOTIA—REPORTED ARREST OF MEMBER OF FORCE

On the orders of the day:

Mr. Robert C. Coates (Cumberland): I should like to direct a question to the Solicitor General, of which I have given notice. Will the minister confirm the arrest in Nova Scotia today of an officer of the Royal Canadian Mounted Police, and advise the house of the circumstances leading to the arrest as well as what charges, if any, are being laid?

Mr. Speaker: I doubt very much if the question, without more explanation, can be accepted at this time. Even if the hon. member gave notice of the question I do not think that makes it necessarily acceptable to the Chair. I suggest the hon. member place it on the order paper.

Mr. Coates: This is a serious matter, and I believe the Solicitor General is prepared to answer it. I think it would be helpful if he did answer it.

Mr. Speaker: Of course I can only judge by what is in the question itself. The hon. member says it is very urgent, and I will accept his word for it and allow the minister to reply.

Hon. L. T. Pennell (Solicitor General): I thank the hon. member for giving me notice of his intention to ask this question. I can only say that an investigation is proceeding. At the time I came into the chamber I was informed no charges had been laid. Perhaps I ought not to go beyond that statement at this point.

Mr. H. Russell MacEwan (Pictou): May I ask a supplementary question. Can the minister advise whether this arrest is related to the three bank holdups in the county of Pictou within the last nine months?

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

VIET NAM—ACTIVITIES OF CANADIAN AID COMMITTEE

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to direct a question to the Secretary of State for External Affairs. In view of the fact that it is firmly established now that a Canadian organization formed to aid civilians in Viet Nam is directing its aid entirely to North Viet Nam, what is the government attitude toward this organization and its efforts?

Hon. Paul Martin (Secretary of State for External Affairs): I do not believe I can add anything to what I said in answer to a somewhat similar question posed the other day by the Leader of the Opposition.

FINANCE

ALBERTA—PROPOSED REFUND OF ESTATE TAX

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to ask the Minister of Finance a question. In view of the fact that the premier of Alberta has now indicated, either in a resolution or by a public announcement, that he will refund to the people of Alberta 75 per cent of the estate tax, is there any agreement between this government and the Alberta government to refund the other 25 per cent, or is a deal being worked out in that regard?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the answer is no.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, my question is directed to the Solicitor General. When can I expect an answer to starred question No. 726 which has to do with penitentiary security and has remained on the order paper unanswered since February 18?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I will give the hon. member's inquiry immediate attention.

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the Prime Minister whether he has had the opportunity to review the speech made last evening by the Minister of Citizenship and Immigration to the Ottawa Board of Trade and, if so, whether the statements and threats therein contained represent government policy.

Mr. Speaker: The hon. member for Greenwood.

Mr. Bell (Carleton): Would the Prime Minister answer the question?

Mr. Speaker: The hon. member knows that he cannot insist on an answer.

Mr. Nielsen: He is afraid to answer.

Mr. Bell (Carleton): Mr. Speaker, on a point of order, the Prime Minister has the right to say he will not answer a question, but he has not even had that courtesy.

Mr. Speaker: Order, please. I beg to disagree with the hon. member. Obviously if a minister does not stand in his place it is because he does not intend to reply. I suggest he does not have to get up and say that he does not want to answer.

NATIONAL DEFENCE

PAY INCREASES TO PILOTS—INTEGRATION INTO SALARY STRUCTURE

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, my question is directed to the Minister of National Defence but in his absence perhaps the Associate Minister would reply. May I ask whether the recent increase in pay to pilots in the Royal Canadian Air Force will become part of the permanent salary structure of the service?

Hon. Léo Cadieux (Associate Minister of National Defence): I understand that it will, Mr. Speaker.

FARM MACHINERY

REPORTED INCREASES IN PRICES OF COMBINES

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Minister of Agriculture with reference to the price of farm implements. Is he aware of the fact that since November last, shortly before he was appointed minister, small combines have gone up in price $250 a unit, big combines $600 a unit, and that in the same period the price of hogs came down 10 cents per pound?

IMMIGRATION

INQUIRY AS TO PRODUCTION OF WHITE PAPER

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Minister of Citizenship and Immigration. Can the minister tell the house when we may anticipate the long awaited, often promised white paper on immigration?

Inquiries of the Ministry

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, what we are trying to do right now is to adopt some new regulations concerning non-immigrants in Canada. We are working hard and I hope that we will produce some results soon so that some of the shortcomings in the present regulations can be corrected. I think that if we succeed in doing so hon. members will not complain too much about the time we are taking to review the whole philosophy of immigration.

Mr. Brewin: A supplementary question. I hope the minister, in referring to the question of visitors and non-immigrants and the urgent need for the government to announce its policy in this regard, can assure the house that this does not mean that the general promise of a white paper to review the whole subject of immigration is being overlooked.

Mr. Marchand: It does not mean that, Mr. Speaker.

[*Later:*]

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the Minister of Citizenship and Immigration. In view of the thousands of immigrants in Canada who have arrived here on visitors' visas and have since made application for permanent residence status, some of whom now have orders of deportation against them, has the government changed its attitude respecting those persons with deportation orders against them? Is the government still going to deport them or is it reviewing these cases? If so, has the government held up the deportation of these people until such review is completed?

[*Translation*]

[*Later:*]

Mr. Marchand: Mr. Speaker, I hope that within the next few weeks I will be in a position to make a statement concerning non-immigrants in Canada. We have endeavoured to make certain regulations which, I think, will be agreeable to most hon. members. However, some deportations may still have to be made; I am thinking of those who, in any case, cannot be accepted in Canada under the act and who will be deported immediately. This can be done under present regulations. As for the others, applications are held in abeyance and no deportation will be made.

Inquiries of the Ministry

[*English*]

BUSINESS OF THE HOUSE

TERMINATION OF BUDGET DEBATE—CONSIDERATION OF REDISTRIBUTION PETITIONS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address my question to the government house leader. In view of the fact that the rules provide for a six day budget debate, which would mean that the present debate would carry on until next Monday evening, we are prepared to forgo Monday and end the debate on Friday if that is agreeable to the government.

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, this suggestion would be very agreeable to the government. I would propose, in the light of what has been said, a meeting with the other house leaders immediately to see whether we can reach some arrangement to provide for the termination of the budget debate on Friday, consistent with protecting hon. members' opportunities to speak.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, a supplementary question for the house leader. Could the house leader tell us when the government proposes to go ahead with the debate on the redistribution petitions?

Mr. McIlraith: I am glad to welcome back the house leader for the official opposition, and I hope he had a very good Easter. Our plans, which have not been confirmed, were to begin that debate on Wednesday of next week but, as I say, that is not a firm decision.

Mr. Harkness: That is the redistribution debate?

Mr. McIlraith: Yes.

HEALTH AND WELFARE

MEDICARE—INQUIRY AS TO LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the Prime Minister's statement the day before the Easter recess that he hoped medicare would be on the order paper when we got back, and in view of the fact that it is not on the order paper, can he now say when we may expect this legislation?

[Mr. Marchand.]

Right Hon. L. B. Pearson (Prime Minister): I still hope to have it on the order paper before long, Mr. Speaker.

Mr. Knowles: But hope springs eternal.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): My question is for the Prime Minister, Mr. Speaker. May I ask the right hon. gentleman what other steps are being taken by the government to assist the 850 workers who will lose their employment at Bell Island, apart from providing them with one way tickets out of their native province?

Right Hon. L. B. Pearson (Prime Minister): Every possible step is being taken that can be taken.

LABOUR RELATIONS

ONTARIO TRUCKING STRIKE—IMPLEMENTATION OF 40 HOUR WEEK

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in the absence of the Minister of Labour I should like to direct a question to the Prime Minister. It has to do with the very serious trucking strike that is causing so much difficulty and trouble in our country. Is a settlement imminent? Also, will the Prime Minister say whether representations have been made to the government that if the 40 hour work week provision in the federal labour code were carried into effect the strike could be settled at once?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I can only say, in addition to what has been said by the minister, that the chief conciliation officer of the government is meeting with the representatives of the parties at this moment. I hope there will be a good result from that meeting.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. Would the Prime Minister say whether representations were made to the government of Canada that if it would insist on the carrying out of the legislation passed by parliament for a 40 hour week, rather than achieving the 40 hour week over a period of three years, the strike could be settled at once?

Mr. Pearson: Mr. Speaker, representations have been received on both sides of that particular issue.

WATER RESOURCES

REQUEST FOR REPORT ON POLLUTION PROBLEM

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Mines and Technical Surveys. Does the minister expect shortly to make a report on the general problems of pollution other than the joint report he is expecting from the Ontario government?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): Mr. Speaker, a lot of work is being done in this field at this moment in view of the very important international conference on pollution which is to be held in Montreal in October and November next. Most departments of the federal government, the Departments of Agriculture and of National Health and Welfare for example, at this moment are preparing for this event.

PUBLIC SERVICE

COLLECTIVE BARGAINING—INQUIRY AS TO LEGISLATION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question concerns the order of business of the house and I therefore direct it to the Prime Minister. In view of the serious situation developing between the Postal Employees' Union, the Civil Service Association and the Civil Service Federation, is the government planning to give top priority to legislation that would provide for collective bargaining in the civil service?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. That legislation is being given top priority and I hope it will be before the house shortly.

EXPO '67

USE BY EDMONTON OF "KLONDIKE" THEME

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, I direct a question to the Minister of Northern Affairs and National Resources. Has he received any communication from the government of the Yukon asking for his intervention with the government of the province of Alberta respecting the use of the Klondike theme?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Yes, Mr. Speaker, I have.

Mr. Nielsen: A supplementary question, Mr. Speaker. Can the minister inform the house what action he or his government intends to take in this regard?

Mr. Laing: Mr. Speaker, yesterday I listened to the hon. member deal with this matter. I think that the somewhat tropical language he used might be as effective as anything I can do in drawing it to public attention. I do not know whether it would be proper for me to remonstrate with the city of Edmonton or with the Edmonton exhibition board. However, we shall be having some discussions on this subject.

• (3:40 p.m.)

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 20, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

[*Translation*]

Mr. Fernand E. Leblanc (Laurier): Mr. Speaker, yesterday at five o'clock you called me to order because the house had to interrupt the budget debate to proceed with consideration of private members' business.

However, I saw this morning a newspaper comment on the second part of my speech, dealing with the Bélanger Commission, which I was to deliver this afternoon. Obviously, there is a misunderstanding which I hasten to correct immediately.

Before getting on with the second half of my speech, I must finish expounding my philosophy concerning private enterprise in its relations with the state.

As I was saying, when I was interrupted, you will admit that the intervention of the state is unavoidable at the present time, but that it must necessarily be restricted to areas and methods of operation where private enterprise is less efficient and weaker, or uneconomical.

Not so long ago government controls applied mainly to a particular class of undertakings. After two wars and the recession of the thirties, the difference between public and private enterprise has lost its meaning on several scores. Joint enterprises where businessmen and governments are partners have come about and I think that is a gratifying development.

The government's intervention remains at a high level to the extent that some measures which were to be temporary have assumed a permament nature. On the other hand, and that is to the credit of our governments, the most recent interventions are part of a general plan.

Besides, private enterprise must be dynamic and give leadership, as it has always done since the beginning of our young country. Every businessman should not only take an interest in politics but also try to ascertain the needs, the objectives and the problems of his fellow citizens. Businessmen should not be reluctant to express their views about politics, and they should do it through the numerous bodies which serve them. Harsh or bitter criticism or words of praise should be expressed for the welfare of the whole population, particularly if the state or groups suggest measures detrimental to the competitive system.

Businessmen should keep on increasing productivity, and they must in return get a fair yield on their investments. I feel that the profit motive is of vital importance: it is precisely that motive which leads private individuals to produce in spite of the risks involved in the undertakings. Profit is the yardstick which determines the value and usefulness of our efforts. The word profit is not to be banished from our vocabulary. Did not Winston Churchill himself say that we should never complain about people who make profits but rather about people who suffer losses? The more industry will affirm its strength and its interest in the welfare of the people, the less need there will be for the government to restrict and control industry. Businessmen should realize that the more they insist on piling up new responsibilities on the state, the more the latter will be obliged to increase its authority. Private enterprise should have the foresight and the initiative to seize new opportunities as well as the vision to scrap obsolete methods which are no longer competitive. Free enterprise should wish to participate in the economic development of the country and, in return, profit by it—which, to my mind, is perfectly legitimate.

Now that I have tried to establish my own position on the relationship between the state and industry, I should like to deal with the recommendation of the Bélanger commission concerning the taxation system in Quebec to the effect that the government should tax capital gains. The Bélanger commission points out, and with good reason, that this tax should be applied in Canada as a whole, that is in all the provinces.

At the present time, in Canada and in Quebec, a citizen who has invested his savings in movables or immovables, the value of which goes up during a certain period, pays no tax on this increased value when he winds up his assests. The tax would bear on this capital increase.

It strikes me as illogical to propose such a tax, because Canada is not ready to accept that type of measure. It would be nonsensical to tax directly those who wish to invest in Canadian enterprise when our country is still in the first stages of its economic development. I fail to see how capital could be attracted if a tax were levied on capital gain.

A country cannot develop its natural resources without considerable outlays which, of necessity, entail great risks. As a consequence, the government must not tax the successful outcome of those risks; on the contrary, it should encourage investment of risk capital and broaden the Income Tax Act in this regard.

It must be remembered that Canada, especially at the present time, is short of investment capital and that such a measure could drive away the capital required to develop our resources. It is difficult to understand how levying a tax on capital gain could be accepted in a country in such great and pressing need of capital. If capital, Canadian or foreign, is to be restricted, if the amazing development of our economy is to be stopped or brought to a standstill, then let us tax capital gain. In other countries, that tax exists and can exist where the economy is sufficiently mature and productive to bear the burden of such a tax. But Canada is not ready to bear that burden so long as it cannot do without the massive importation of the foreign capital it needs to finance its expansion and to create new jobs.

On the contrary, capital gain should be encouraged and not penalized. In any event, that measure is absolutely inconsistent with the exemptions of 20 per cent and 9 per cent on dividends granted by Canada and Quebec respectively. If we seek to increase Canadian capital, it should not be taxed, because it will then become necessary to appeal further on to United States capital which would thus gain further control of our economy. Obviously, this country needs income to pursue its aims, but I feel this income should be sought in an area less damaging to industrial development.

In the present circumstances, it is impossible to anticipate all the consequences of this tax, immediate as well as long term. I dare hope the Carter commission whose report cannot be long delayed, will not present such a recommendation to the federal government. For the time being, the financial world is awaiting this report with some apprehension and fondly hopes that fiscal reforms will not be carried out in this direction. Furthermore, it must be kept in mind that if capital gains are taxed, capital losses will have to be eligible for deductions. What would be the final yield of this tax, and is it worth implementing?

In closing, Mr. Speaker, I should like to quote a few lines from President Johnson's economic report for 1965. I believe they could also apply to this country.

> We must strive to make our society not only prosperous but progressive; not only affluent, but humane; providing not only higher incomes but greater opportunities; with its members enjoying not only full employment but fuller lives.

[*English*]

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, first of all I should like to congratulate the Minister of Finance (Mr. Sharp) on his appointment to the important post he now holds, and to say how fortunate he was that the Conservatives had the red carpet rolled out for him before he took office.

• (3:50 p.m.)

One of the most disturbing statements we hear today is with regard to our dangerously high mounting deficit, combined with high taxation and the high cost of living, all this occurring in a boom era of prosperity. For the record it is probably good to go back and examine the situation which existed in 1956 because it had certain characteristics akin to the present.

In 1956, the last year of the St. Laurent government, we had a trade deficit of $728 million. This meant that in the markets of the world we were buying $728 million more in goods than we were able to sell. We also owed just under $700 million in interest on our debt and in dividends, all of which we were paying out, which gave us a total deficit of $1,330 million.

In 1962, which was the first year in nine years that we were able to sell more in the markets of the world than we bought, we sold $127 million more in goods than we imported. This trend continued, and that is why I say the government is very fortunate that the Conservatives rolled out the red carpet for it.

I see the Minister of Finance (Mr. Sharp) is smiling and I know why he smiles. The following year we were able to sell $500 million more in goods than we brought into the country. Compare that with the present. It is a disturbing fact that in 1965 our surplus balance of trade had dwindled to just over $100 million. In spite of the fact that we sold $1 billion worth of wheat we were only able to sell a little over $100 million more in goods than we bought. It bothers me, not in a political sense but for the sake of the welfare of Canada, that despite all the boom selling of wheat we had a trade surplus of just a little over $100 million. I am sure this must be of concern to all parties in the house.

But what is more frightening still is that our over-all deficit, including interest, dividends, etc., climbed to $1,237,000,000. I say it is all the more frightening because the United States is putting a limit on American funds available for foreign investment and wants more of its subsidiary investments to return home.

It is also frightening to note that we increased our imports by 12 per cent but increased our exports by only 5 per cent. Where would we have been if it had not been for that $1 billion worth of wheat represented by the sales to Communist China and other Communist countries pioneered by the Conservative minister of agriculture, the hon. member for Qu'Appelle (Mr. Hamilton) in the midst of Liberal criticism?

Most of the goods we export today are raw materials or semi-processed goods which require just a small labour content. The raw product we export provides work for one man whereas the finished product would require the work of three skilled people. Furthermore, Mr. Speaker, in many cases we export the raw product and import the finished product back to Canada. Most of our import bill is still made up of purchases in the United States of goods of a class or kind which we manufacture in Canada or could manufacture in Canada.

The point I want to make is that the flow of American capital is being cut down. What has the minister done about this? Does he think that increasing taxes will solve the problem? I do not think so. I think the minister will agree with me that taxes in Canada must be lower, both on productivity and on income, than they are in the United States in order for us to meet the competition

of the United States. Let us be frank about it. We are competing with the United States, one of the most powerful nations of the world with vast reservoirs of brains, skill and capital. Our country borders it for 4,000 miles, and to compete with the United States greater incentives must be offered to industry in Canada. This is the opinion of many experts.

Mr. Sharp: Would the hon. gentleman permit a question? Is he advocating a larger budgetary deficit than we have this year? Is that the purport of his remarks?

Mr. Rynard: Well, Mr. Speaker, I know the minister may need a little advice on this matter and I shall be very glad to give it to him. I can give it to him by telephone or I will even go to his office. I want to point out to him, and I think he will agree—if he does not let him stand up and say so—that we cannot compete with the United States and at the same time increase taxation on productivity and brains. If he believes that is possible, I want him to stand up and say so right now. I am sure Mr. Firestone and many other economists would like to know.

Mr. Ricard: The minister declines.

Mr. Rynard: Mr. Speaker, I do not for a minute suggest that the road is easy. It is not. We cannot increase income tax and taxation on productivity if we are to compete. Either we are going to be hewers of wood and drawers of water or we are going to be drawn into the network and become part and parcel of the United States.

This present year will be known as the year when the taxpayer was squeezed harder than ever before in the history of our country. Federal taxes are up; provincial taxes are up; municipal taxes are up; the cost of living is up. Where does it all end? Today we have a 10 per cent increase in the amount of credit outstanding for consumer goods. Small loans show an increase of 13 per cent, and instalment credit is up 24 per cent. The consumer is paying almost 10 per cent more for his food than he did last year. The increase has been 40 per cent over the last 10 years, but the farmer today gets very little more than he got in 1956. I ask, what has the government done about this?

Why was there no relief for the municipal taxpayer in the Budget? Municipal taxation is levied on property assessment. It is not related to income. Increased municipal taxation can be devastating when combined with the increased cost of food and services. It is cruel to the old age pensioner, to those on fixed incomes and to those with low incomes.

I suggest that since the government is going to introduce medicare in 1967 it should take over health and welfare services in all of the municipalities across Canada and in conjunction with the provinces also take over education, leaving the municipalities with their police, fire protection, water, hydro and other services. The lower income group, old age pensioners and people on fixed incomes just cannot carry the burden of municipal taxation together with all other forms of taxation.

• (4:00 p.m.)

I also wish to bring to the attention of the minister the matter of research. This is not easy because we are embarking on new fields. I should like to say to him that the United States spends 3 per cent of its gross national product on research and Canada spends 1 per cent. I should also like to remind him of the fact that in the period from 1956 to 1961 when we were in power 12.5 per cent of Canadian science graduates went south of the border and 48 per cent of engineering graduates. That is bad enough, but let us look at recent figures. In the year ending June, 1963 over 4,000 professional and technically trained people crossed the border into the United States. I wish to remind the minister, Mr. Speaker, that these are Canadian born people. It cost us an average of $25,000 a year each to educate them. I am sure the minister is listening and I can tell him where this money goes.

We spent $25,000 a year on each of 4,000 people who went south of the border in 1963; 4,000 times $25,000 is $100 million. This is the gift that we gave away in this country in that year. I should like to go further and say to the minister that those 4,000 trained people have a working potential of a quarter of a million dollars. The minister is good with figures; I know he is. That figure increases to $1 billion over their lifetime and that is repeated year after year. I have the figures since his government came into power; here they are. We had something like 100,000 professional people who crossed over to the United States in the period 1963-65. The Blue Book or the Canada Year Book will give you these figures. They are greater than they were in any two year period of the previous Tory government.

I should like to say to the minister that we had unemployment, and the government has done a lot of talking about it, but in the

period 1963-65 over 100,000 people crossed the border. Among them were 850 physicians and surgeons. The minister can check these figures. We will be building new schools this fall and enlarging our present medical schools to take in 400 to 500 new medical students who are needed because of the new plans the government has in respect of medicare and so on. Yet we exported 850 physicians and surgeons in that period.

I am not blaming the minister but I would say to him, for goodness sake close this loophole, because we cannot go on giving to the most powerful nation in the world this amount of wealth and brains every year. He knows how it can be done. This can be done in the field of research so that the people who are trained and who wish to go into research will have an opportunity to do this work. It is not good enough to contribute to only 50 per cent of research projects which have been tried and passed by the board as research projects and leave out the other 50 per cent. The people who otherwise would be carrying on those projects go south of the border and find projects there.

If our young men and women who are coming out of our universities do not find the incentive in this country, they are going to go south of the border. They can simply walk across and pick up a salary one-third higher. I am sure the minister knows this just as well as I do. Therefore I am disappointed that something has not been done about it. Yes, the brain drain has been worse under this government than at any other time in history. From June, 1963 to June, 1965, as I said before, 100,000 Canadians crossed the border into the United States. Included among them were 1,765 engineers. I am sure the minister feels just as badly about this as I do. There were 1,187 technicians, 163 industrial designers, 258 university professors, 850 physicians and surgeons, 725 accountants and auditors, 2,040 trained nurses—and we are building schools to train them—and 2,610 managerial officials and proprietors. This is fatal in an underpopulated country such as Canada and we simply cannot afford it. We cannot prevent these young people going south of the border, but we certainly can do something to provide them with more incentive to remain here. We can improve their situation by making appropriate changes in the personal income tax.

What have you done, Mr. Minister, to see that more of these young people remain in Canada? I am worried about this exportation of brains and people. We are short of capital and, Mr. Speaker, I only have to remind the minister of the words of Mr. Rasminsky, governor of the Bank of Canada, when he said:

> Any situation in which Canada needs to import a great deal of capital from a country which is trying to restrict the export of capital is inherently unsatisfactory.

Those are the words of the head of the Bank of Canada. This, Mr. Minister, is the position in which the government finds itself—short of money and exporting brains and people to a country where already 45 per cent of the labour force has four years of high school compared with 24 per cent in this country, where 11 per cent of their labour force has completed university compared with 5 per cent in our case. We become poorer by the minute because of the way we are handling our affairs.

Now, Mr. Speaker, I wish for a moment to deal with the matter of medical research. I am disappointed that nothing has been said or done about this. More medical research would improve medical care and in turn improve national productivity. Related fields —biochemistry, genetics, chemical control of viruses—all would have a tremendous impact on the veterinary field and on agriculture in general.

I should like to turn for a moment to the 11 per cent sales tax on drugs. It has been said over and over again that this is going to be looked into. Surely to goodness it does not need any looking into to remove the sales tax on drugs which are used by sick people. It is a great disappointment to me that the government has not seen fit to remove the 11 per cent sales tax on drugs and therapeutic items. Over the years in this house I have urged the repeal of this iniquitous tax, a tax on sickness, and a tax on people at a time when they are least able to carry it. I wonder whether the minister knows just how much is involved in this tax on drugs. I am going to tell him. He taxes the sick people in this country almost $12 million on drugs.

The minister knows that a great deal of the sickness is suffered by the people in the older age group, many of whom are on the old age pension. I know the minister knows as well as I do that 70 per cent of all the women in Canada over age 70 have nothing but the old age pension to live on. This is iniquitous and is not good enough. I cannot understand it. I know the Minister of Finance is a very nice person, but I cannot understand why in the

world he does not repeal this tax. Why in the world did he say that we have to wait until the Food and Drug committee brings in this recommendation? Why this shilly-shallying on a thing like this?

• (4:10 p.m.)

If the minister wants a precedent he has one in what the Prime Minister (Mr. Pearson) did. The Prime Minister did not wait for the report of the B and B commission on the French-English situation. He announced in the house that the fellow who knows French and English is 10 per cent better, or some such figure, than the Frenchman who does not know English or the Englishman who does not know French, no matter how well educated they are. He did not wait for the report of that commission which has cost us over $4 million to date, one of the most costly commissions in the history of this country. I ask the minister to take another look at this matter. As I say, the Prime Minister did not wait for the B. and B. commission to bring in a report with which some French and some English will not agree or some other Canadians may not agree.

We are all in agreement that this is a tax on the people who are least able to pay. How in the world, in all conscience, can this government bring in medicare in 1967 when they are going to tax the very people they are trying to help? If this is not hypocrisy at its worst, I have never seen it.

Mr. Sharp: May I ask the hon. gentleman a question? I find myself in sympathy with a good deal of what he is saying on this occasion. I ask why these considerations did not weigh more heavily on the Conservative administration when it was in office? My main purpose in making the statement which I made was to be sure that the maximum benefit would be available to the people when this tax is removed.

Mr. Rynard: The only thing I can say is that the Conservatives had the red carpet rolled out for the present government. Things were on the move but it is natural that there may have been flaws in that red carpet. After all is said and done, the taxes were not as high then. You have increased them. I am not saying that the Conservatives should not have repealed it. If the minister will read my speeches, he will find that I advocated this procedure when the Conservatives were in power. The Liberals have been in power for over three years. What have you done?

[Mr. Rynard.]

We have been through two elections in which you said you were going to help these people. You are introducing medicare. We were not introducing medicare at that time, but the Minister of National Health and Welfare (Mr. MacEachen) says you are introducing it. However, you are keeping the 11 per cent sales tax on drugs and you are taxing the very people you are trying to help. I do ask the minister to introduce an amendment to change this. I know that at heart he is a sympathetic fellow. It would be one of the most pleasing things we could do in this house so far as both sides are concerned, Liberals and Conservatives. I have many friends on the other side of the house. I see one smiling now, and he is in perfect agreement. The minister would make friends with all of us if he did this. Why does the cabinet shuffle around, as it does, on a point like this instead of removing the tax forthwith?

I cannot see for the life of me, Mr. Speaker, why a smart man like the Minister of Finance would impose a 5 per cent tax on industry and at the same time give incentives to industries in depressed areas of the country. He imposes a 5 per cent tax, the proceeds of which he is going to withhold for 18 or 24 months. The only reason I can see for this procedure is that the minister is really a fairly sharp businessman. He knows he is going to get this money from industry for nothing. He knows that with the present rate of erosion the money he pays back will be worth only 92 cents on the dollar. I am wondering whether this procedure is going to hold back industry. How can they change plans which are made for years ahead? It does not make any sense to me.

I should like to see more done in Canada to attract research scientists. Above all, this would keep our young Canadians whom we have educated in our universities in research jobs in Canada. It would give them an income and give them an incentive to work. They will be driving continually to put Canada in the front line. People will be coming here for post-graduate work, and we will be attracting scientists from other places. The skills of these young people will bring about new products, new drugs, to make this country wealthy. Let us not keep sliding into the arms of the United States, good neighbours as they are. Let us quit drifting. We cannot afford it any longer.

I ask the minister to take a look at these things. I hope I have not made it too difficult for him, but I do feel very keenly about these

things. I know how difficult it is to do some of these things but for goodness sake, let us stop the drift. As I said before, when the Liberals took over we were selling $123 million more in goods than we were buying. Last year, Mr. Minister, this figure went down to just over $100 million in spite of over $1 billion in wheat sales pioneered by the previous Tory government. I am telling you, I want to see Canada prosper just as you do but you are not going to let it grow and prosper unless you make these changes to keep our young people here, to make industry competitive and make this country great. You had better start right now. It is a lot later than you think.

Mr. Steven Otto (York East): Mr. Speaker, the hon. gentleman who just resumed his seat said he hoped he was not too difficult with the minister. I may appear to be critical of the minister and his department, but I want to tell him I am not. After all, if this is a debate I should like to put forward some ideas that I know he will want to consider. Believe me, he does not need me to tell him that the Budget was good or bad. The Budget was well received by the public and by the business sector and he can be satisfied that it is a good Budget.

In every established nation, especially an agrarian one, a Budget is primarily a remedial measure, that is, it is meant to remedy certain inequities and certain things that happened the year before. Only a small portion of the Budget initiates new ideas. I am sure the minister will agree that this has been the history of Budgets up to now. By and large, I have no complaint with the measure the minister introduced to rectify the abuses in corporate pension plans. As all hon. gentlemen realize, these plans were a way of taking profits out of the company by purporting to endow employees with pensions in which they never got a vested interest. It is an important remedial measure.

I was pleased to see the other measures relating to personal income taxes, the renewal of the sales tax on production machinery and so on. These things are good. The minister will agree that by and large they are remedial and necessary. However, I put it to the minister that within a short period of time he will have to discuss with his departmental officials whether or not a Budget shall be remedial only or should introduce new ideas, new measures to set a completely new climate for finance and for business.

• (4:20 p.m.)

Let us consider for a moment, Mr. Speaker, the 5 per cent withholding tax, which is something along the lines of the wartime compulsory savings plan. It could be a new idea but it depends on the emphasis the minister puts upon it. For instance, if the minister says that in the future the government will have a strong voice in either a short-term or a long-term disposition of profits or a portion of profits, then this is a new idea which will have a serious and strong effect on business. But if as far as the minister is concerned he only means to allay inflation, then I put it to the minister that this a remedial measure and probably may not have—I do not say will not have but may not have—much effect on inflation.

I also put it to the minister that today inflation or recession does not depend heavily upon the supply or scarcity of money. I put it to the minister that business today is influenced by other factors which are psychological. For example, if business thinks it can make and sell a product then it will do so; and if it has not sufficient money to finance it, it will borrow it at any cost and add the cost to the price of the goods.

I also put it to the minister that he should examine whether or not supply and demand today are really controlled by the same forces in that supply is controlled by the producer who in turn, by promotion, advertising and consumer credit, has a very heavy hand on the control of demand for goods. Consequently these two are lumped together.

I also put it to the minister that I think the expression he used in his speech about too much money chasing too few goods resulting in inflation is partly true but not always true. I would ask the minister to consider whether, if you have inflation, it necessarily means that there is too much money chasing too few goods. I seem to recall that for the past five years there has been a scarcity of money and a surplus of goods. Money has been scarce. It is never plentiful enough to fulfil the ambitions and plans which companies have instituted for themselves. At the same time we have an inflationary pressure which will reach 5.6 per cent from January to December in 1966 and which will effectively remove any interest earned on the money of people with fixed incomes.

Therefore I put it to the minister that the principle which he and everyone follows, that too much money chasing too few goods equals inflation, may not necessarily be the case, and

I suggest that it is up to the minister and his department to look very carefully into this precept.

While I am on this idea of pricking sacred cows, or sacred principles, one matter which comes to mind is the second report of the Economic Council. You will agree with me, sir, that the second report seemed to indicate that Canada and Canadians are greatly concerned about our efficiency of production. By and large this concerns all of us and the report does outline some educational problems. But the emphasis is always on production.

I have my doubts that this is the most important consideration. In fact, I think that the most important problem in Canada today is distribution rather than production. In other words, I am not worried about being as efficient as we can be, but I am worried that somehow the people who produce the goods do not earn enough money to buy them unless they use consumer credit.

According to the statistics which were given the committee on consumer credit, it seems that by the end of this year each family using consumer credit will be in hock to the tune of about $3,200. According to the Dominion Bureau of Statistics figures the disposable income of the average family in Canada is around $500, and I calculate that interest alone on the consumer debt comes to about $600. In other words, 75 per cent of families in Canada using consumer credit have a disposable income which is insufficient to cover the interest on the principal borrowed and have absolutely no purchasing power at all unless they borrow further money. The minister will agree that in that case inflation is a welcome thing for them. This question of mortgaging one's income disturbs me much more than efficiency of production, though this is of some concern.

Let me explain to you, Mr. Speaker, why it is urgent for the minister to start his department thinking along brand new lines. The Department of Finance will have to lead the nation and set the standards and rules under which the nation can blossom. Since the war and with the advent of television and the promotion of travel Canadians have become very aware of things which have always existed but of which they were unaware before. Canadians have seen with their own eyes mountains of raw material. They have seen electric power unused when other nations have remained short of power. We have a seaway reaching to mid-continent which

people in other nations would give their eye teeth for. We have fresh water in lakes uncounted and unseen for which other nations are thirsty. We have atomic energy and uranium. Possibly we have a world monopoly on energy. We have manpower and food enough to feed the world. These are now acknowledged facts of which everyone in Canada is aware.

Having seen all these resources and having seen what other nations have done with one-tenth of the resources and manpower in Canada, Canadians want and will be satisfied with nothing less than greatness, not greatness in the old sense but greatness in the sense of an entirely new society. Therefore the minister and his department must set the climate which will acknowledge the desires of Canadians. This will be no easy task because no matter what new ideas the minister puts forward he still has somehow to dovetail them with the economic theories expressed in other nations. As I say, it is not going to be easy; it will be difficult. But we must make a start on the matter.

I have spoken before about the problem of distribution. It is difficult enough to cope with the profit problem which results in wage earners making far less than what is demanded for the goods they produce and profits tending to congeal in one spot instead of being widely distributed. The problem is more difficult when these profits leave the country. In order to stop profits being passed out of the country by subsidiary companies it becomes essential for Canadians to buy the shares of these subsidiaries.

I suggest that there are three approaches which bear consideration. First of all, I do not think there is any argument that we must centralize and clean up the stock markets. In other words, we can no longer afford to have 60 per cent of the invested money go for promotion and for speculation. Second, we shall have to simplify corporate procedures so that it is not as costly to get a broad basis of investment or participation as it is now. It now is a costly matter. That will have to be done. And most important in that regard is the Canada Development Corporation.

• (4:30 p.m.)

In 13 years in business and law I have come to the conclusion that Canadians are very hesitant investors. Nothing short of a government guarantee will make them gamble or part with their very hard earned money. What is so wrong with the Canada Development Corporation following the same

lines as C.M.H.C. where you have guaranteed mortgages? In other words, with C.M.H.C. we try to entice people to put money in bricks and mortar. Why could the Canada Development Corporation not be introduced along the same lines? Why could there not be provided a comprehensive scheme whereby the purchase price of the shares—approved shares and not just any shares—would be insured?

Nothing short of a guarantee will satisfy Canadians. If a guarantee is provided I can assure the minister that money will come out of the woodwork. In fact, it will come out of almost anywhere because there is money here. In that way we shall be able to buy back the shares presently owned by people in the United States. I want to make clear that I am not concerned with control. Control is not the real concern. The real concern is the ownership of the shares or where the dividends go. Dividends are those moneys most easily invested again. It is easy-come, easy-go money. On the other hand, money that you have to work hard for, that you have to scrape together and save, is not easy money. If the money from dividends goes to the United States, then there is a vicious circle, the easy money being re-invested from the United States and the hard earned Canadian money not being invested. An insurance scheme by the government would make it feasible for many people to invest. That way we should be able to buy these shares back from the foreign people who now own them.

What do Canadians want? Here the minister is going to be involved in proposing a new sort of fiscal thinking. Canadians want and expect a guaranteed minimum income, not only for the aged but for everyone who cannot make a living in this very complex society. I do believe, Mr. Speaker, that the time has now come when Canadians are no longer under the impression that the social cripples should run the same race as the fleet and healthy. I think all Canadians will agree that in this complex society people who cannot make the grade really are social cripples and that we want to help them. We shall have to do it. We cannot tell people that we cannot afford it, because everyone knows that this country is fabulously rich. Therefore a system will have to be devised by the minister and his department that will make it possible for this country to follow along these lines.

We shall have to deal with automation. The minister will have to ensure by his tax and fiscal measures that the people who are disrupted by automation will be the ones to have a temporary and possibly a permanent benefit from automation.

With regard to unemployment insurance, I think we must revise the whole scheme to make it realistic. At present our thinking on this matter is scattered. We shall have to have a comprehensive scheme by which a person who becomes unemployed or unemployable for any reason may go to one central agency where, under a realistic insurance plan, he would receive somewhere in the neighbourhood of 75 per cent of his previous earnings. Thirty dollars is of no value to an unemployed man. This whole concept of unemployment insurance must be taken out of the political plane. There is no use in our saying we cannot afford it. We know we can afford it.

Housing is another problem that will have to be faced. I think the minister will acknowledge before very few years have passed that housing will have to become a public utility because it is out of reach now for even the middle income group. It is even more out of reach for the low income group. When I suggest new ideas I mean this, that we have on the one hand an inventory of building materials, labour and electrical equipment in one place and, on the other hand, land in another place. Surely under a completely new scheme we ought to be able to bring these together to create usable inventory instead of, as we now do, putting great pressure on money and even greater pressure on land.

In urban centres land has become fantastically high in price not because there is a useable demand for it but because people are beginning to hedge against inflation with it. That is why the price has gone up. People do not want gold; they do not want insurance premiums; they do not want pensions. They want something real that will appreciate, and land is the only thing that they think will meet that requirement. Therefore there is not that useable demand for land but an inflationary or speculative demand which is pushing land prices to fantastically high figures. When there is a useable demand for land that is when people want to build houses, but they are having a very hard time acquiring it. I do not think this trend will be reversed. It has gone too far. But I suggest that we shall have to put a stop to it somehow and I suggest that the minister might give consideration to escalating the value of government bonds or securities with this in mind, somewhat in the

same manner as is done with our pension plan, because people are worried about inflation. So long as people are worried, they will continue to buy land they do not want because to them it is better security than gold.

May I say to the minister that in order to obtain what is requisite for the new society, while still maintaining freedom and free enterprise, between now and the time of his next budget he might look at the problems I have raised. He might look at the question of corporate taxation and, in fact, all taxation in fields where we want people to invest money. In other words, can we not provide some exemption where profits are invested to buy back United States shares or shares in new industries? It seems to me, sir, that what is being done is that we are taking the cash value in taxes and leaving the taxpayer without the money to invest. If we want the Canadian taxpayer to invest in industry or in shares issued in Canada, surely an incentive ought to be provided for him to do so.

I also wish to mention the question of capital gains. In this country we have capital gains and we have taxable profits. I have my doubts that there is really much distinction between them or that capital gains induce speculative investment. I think that the minister could well look into this whole question to decide whether all profits should be taxable or whether consumed profits should be taxable regardless of whether those profits were made with the intention to profit. There are many arguments in law respecting this that now might no longer be applicable.

May I also say that it is time to look into the question of expense account living.

Some hon. Members: Hear, hear.

Mr. Otto: I cannot really say, sir, from my experience that expense account living has added to efficiency. Surely when you come right down to it there is no substitute for hard work in producing a good product. There is turmoil and confusion as to what is and what is not deductible and what is and what is not spent for business. I think that we should have a clean sweep across the board in this respect.

• (4:40 p.m.)

I do not think we can give Canadians everything they want and everything they should have under the old fiscal arrangements or under the ideas now held by those agreeing with John Maynard Keynes or economists who think as he does. I think something new will have to be worked out. I think the department will have to seek out new avenues. In fact, the minister will have to take the lead in setting the course toward what all Canadians want—greatness in a new society.

Mr. William Dean Howe (Hamilton South): Mr. Speaker, we have heard a great deal in recent days about Canada's problems in respect of productivity. We have been told that our productivity has nearly reached its upper limit and that because of this we must expect a continued swift increase in the cost of living. Some aspects of our productivity problems have been covered by the second annual review of the Economic Council of Canada, but one quite interesting factor has been generally ignored.

It is customary to deplore the loss to our economy through strike action, and we find that in 1963, 917,140 man-days were lost to our economy. In the same year, 100 million man-days of labour were lost because of illness, over 100 times as great a a loss. This loss represented 3.8 per cent of the gross national product of that year or over one and a half billion dollars. If we assume a continued 3.8 per cent loss, the figure for 1965 comes to at least $2 billion. We must also consider the loss through those who continue to work while their productivity is lowered because of illness.

It is obvious that not all of this illness is preventable but I think it is safe to say that at least 10 per cent of it could be avoided with increased availability of medical care. Such a reduction would represent a gain to the economy of at least $200 million. It is also obvious that the institution of government-sponsored health care would have a very salutary effect upon our productivity. It is also the necessary first step in our war on poverty, sadly neglected in this budget.

It is frequently and vociferously stated that adequate medical care is available to every Canadian, and while this may possibly be true in theory it is simply not so in practice. It can readily be shown that the poor are also the sick and that they do not get the same medical care as our more prosperous citizens. To quote Dr. George James of the New York City Department of Health:

> The poor cannot pay for adequate medical care; consequently, they are more likely to be ill, and unable to work, at least at top efficiency; consequently, they make less money and become less able to pay for medical care. As a result, they are more likely to be sick and therefore they get poorer.

This vicious circle can carry on for generations, and the link of illness must be broken before financial status can improve. These people not only fail to contribute to productivity but in many cases must be supported by welfare arrangements.

A study prepared by the Department of National Health and Welfare in 1950 and 1951 showed that families with annual incomes under $1,500 spent $47 per family per year on medical care, while families with incomes over $5,000 spent $158 per family, over three times as much. It is ludicrous to suppose that poor families are three times as healthy as richer families, so we are left with the conclusion that poor families get only one-third of the care they need. Needless to say, these 1951 dollar figures are no longer valid, but 1959 studies indicate that the medical spending gap is growing. I regret that the government has not kept such studies up to date.

We should perhaps examine why low income Canadians do not get adequate medical care. First, quite obviously, is the financial barrier. The poor are unwilling to incur medical expenses and simply fail to seek medical attention. Even if a low income patient wants to seek free help, it means losing valuable wages waiting interminable hours in hospital outpatient departments or special clinics.

If an illness is severe, he may seek attention at a time when the disease is much harder to control or cure. The 1951 study cited earlier shows that the poor spent much more time in hospital than the better-off. If they are not hospitalized, prescription drug treatment is often ignored because of the cost. Alternatively, the doctor must prescribe a second-best treatment that his patient can afford.

Several recent studies indicate the extent of this failure to obtain health services. A 1965 study prepared by the social planning council of Hamilton and district showed that 37 per cent of Hamilton's senior citizens found their incomes inadequate for necessary medical expenses. If this is extrapolated to the rest of Canada, we find some 352,000 senior citizens without adequate medical resources.

The recently published Report of the Senate Committee on Aging includes the following statement:

> We heard a great deal also in the course of our inquiry about the concern of old people out in the community regarding doctor and drug bills, which they can ill afford to meet on their meagre incomes. Indeed, we were told that many of them out of pride and feelings of independence neglect their health rather than seek help on the basis of "charity" or "welfare".

We in this party regret particularly the failure of the government to remove the 11 per cent sales tax on drugs, and although I shall in part be repeating the statement made by the hon. member for Simcoe East (Mr. Rynard) I should like to say that when considering the cost of prescriptions we must bear in mind that more than 20 per cent is represented by taxes. The reason is that the 11 per cent is added to the cost at the wholesale or manufacturing level. The various profits are added subsequently, so the gross amount of taxation actually represents more than 20 per cent of the price. The result is that more than a dollar out of every five dollars paid for a prescription goes in tax or double the 11 per cent which shows up in our present system. Bearing in mind the fact that many people cannot afford to buy necessary medications, it seems ludicrous that this area should have been chosen by the government as one from which to raise taxes, particularly since the Hall Commission recommended that it should be a part of the medicare program.

Again I may seem to be repeating a point which the hon. member for Simcoe East has made, but I should like to remind hon. members that earlier this month I asked whether the government had received representations from the Canadian Pharmaceutical Association and, if so, what had been the reply. The answer I received quoted a section of the Budget speech which I had already heard, saying that if the considerations of the special committee of the house on food and drugs led it to recommend that drugs should be exempt from sales tax as part of a comprehensive and effective program to reduce the prices of drugs, then the government would be prepared to recommend such action by means of a special stature covering all the measures required to give effect to such a program.

There is supposed to have been a special committee on food and drugs. This parliament has been in session for over three months, since January 18. By virtue of a question I asked in the house on February a meeting of this special committee was called. However, approximately half an hour before the organization meeting was due to begin it was cancelled. That is more than a month ago and nothing has been said about the matter since. So it looks as though we are not even to have a meeting of the Committee on Food

and Drugs, let alone get the 11 per cent tax removed.

• (4:50 p.m.)

It is to be hoped by mentioning this now that at some time in the fairly near future we can get down to a study of the cost of drugs because I know as a medical practitioner, that the cost of drugs is one of the most expensive, prohibitive costs patients have to put up with. In the over-all cost when a patient has an illness the primary cost is not the doctor but the drugs. Something not only has to be done about bringing in drugs as a program within a medicare scheme but for the present at least there should be some way we can get rid of the 20 per cent or more in taxation on drugs that the patient has to pay and possibly get the cost of drugs down to a more reasonable level, with a more normal and natural return for the drug companies rather than the very large profits they are now making.

It is interesting to note that in the United States the average annual expenditure of the elderly for drugs is more than double that of the average of the entire population. It is safe to assume that the same holds true in Canada. I regret the necessity of using U.S. figures but Canada is sadly retarded in the accumulation of such statistics, a fact noted also in the Senate committee report. I do not think any fault lies with the Dominion Bureau of Statistics but rather with the government in not directing the use of the facilities available, because it is well known that D.B.S. has some of the finest facilities in the world for the collection and projection of such statistics.

In the study on urban poverty prepared by the Canadian Welfare Council last November we read the following:

> In general, it may be said that health problems constitute the immediate cause of inadequate income for a great many of these families. Health problems are present in over 50 per cent of the households, with 43 per cent having chronic physical problems in the family. Many of the families reported that they did not get dental or medical care they needed, because of the cost.

It was found that an average of 49 per cent of families in the four cities studied expressed "emotional barriers" to seeking medical help because of their financial status. The report went on to say that of those who sought medical treatment several expressed the feeling that they were given inferior

treatment, which is certainly so. It is therefore entirely a myth that all Canadians receive adequate medical care regardless of income.

Let us look at the results of this disparity in health care. Once again we must resort to United States figures but there is no reason to doubt that they represent the situation in Canada. A study was carried out by the New York city department of health on specific death rates in Flushing, a middle class section of New York, and Bedford, a poor section of Brooklyn. The causes of death chosen for the study are those where death rates tend to vary less between comfortable and poor areas than most other conditions.

It was found that the death rates for the five conditions chosen were significantly higher in the poor area. Deaths from diabetes and pneumonia-influenza were more than twice as high in the poor area. It was calculated that if the standard of care available in Flushing could be maintained across the city 13,000 lives could be saved each year. It should be remembered that Flushing is not the wealthiest area but a middle class one.

Dr. James of the health department summarized the study this way, referring to the 13,000 unnecessary deaths:

> In the light of present medical knowledge, these are preventable deaths. If we measure them against the list of the most important conditions that kill our citizens each year, these 13,000 deaths rank third on the list. Consequently, in this great city, whose health record on the whole is very good, poverty is the third leading cause of death.

It is impossible to estimate the degree of disease and disability suffered by the poor compared with their wealthier neighbours but it must be staggering.

We have in Canada, therefore, a situation in which the poor are ill and the ill are poor in a self-perpetuating cycle. Their own productivity is low or non-existent and their cost to the country's economy, represented by $2 billion in lost production, must be added to the welfare costs from which they cannot escape. The poor, while contributing in part to our overstretched productivity, are also the ones who will suffer most acutely from our present economic situation.

Our low wage earners, those on pensions or welfare, and those living on savings are the forgotten ones in our great boom. Their resources were long ago stretched to the limit and they will be unable to bear any further increases in the cost of living. We grant that the Canada Assistance Plan may provide a

measure of relief but we doubt that it will be soon enough. It becomes obvious, therefore, that if we wish to conquer poverty and to increase productivity we must strike first at illness.

We in this group have listened to the government's promises of a comprehensive, universal health scheme by July, 1967, but we have grown rather anxious about the absence of any apparent action to this end. We heard about it right up to last November 8, which I believe was election day, and there has been a very deep silence since that time. However, we would like to urge the government to move as swiftly as possible in this field because we feel it is essential for the welfare both of our people and our economy.

[*Translation*]

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, I wish to join with all those who have congratulated the Minister of Finance on his Budget speech. Before going any further, I just want to say two things on this subject.

I was particularly pleased to see that the small wage earners are to be exempt from the new tax which will be imposed shortly on the Canadian people as a whole. I was also happy to see that the concept of a compulsory reserve was introduced to exercise some control over investments. I think that formula deserves to be studied, amplified and developed.

But, most of all, this afternoon, I would like to talk about the financial aspect of a commission which has been very much discussed in Canada so far and about its immediate and future objectives. I am talking about the royal commission on bilingualism and biculturalism.

Many times in this house and in the newspapers there has been talk about the royal commission on bilingualism and biculturalism, not so much to discuss the objectives it is seeking, but mostly to try to discredit it a little by pointing out how much it costs, the money it is spending and the time it is taking to do its work.

Following a question asked here, it was said that the royal commission on bilingualism and biculturalism had cost $4.5 million up to March 31, 1966. It was said that it was the most expensive commission in the history of confederation.

• (5:00 p.m.)

If we add to the amounts already spent those which will eventually be spent, since the commission has not finished its work, it is possible that this figure will reach between $4 and $7 million.

There is no need to be scandalized by such heavy expenditures. Figures are always relative. Compared with billions of dollars, $5 million is relative. That might not be enough if the work to do is more important than the money allocated for it. The contrary may also be true. It might be too much if the commission spends that money without any control or needlessly.

I think that it is from that standpoint that we must evaluate the commission's work and the huge amount of money which figures in the books of the Canadian government. Was that money spent usefully?

Is our purpose, the purpose of the government in instituting this commission, worthwhile and worth the amount of money we are investing in that great venture?

To my mind, Mr. Speaker, there is malice, if not meanness, in insinuating that this commission is costing more because the commissioners may be more greedy or unwise in the spending of public funds. I feel such a gratuitous statement is unfair to those who are struggling with a task of fundamental importance to the future of Canada.

It is a fact that the royal commission on bilingualism and biculturalism is costing more than the other commissions. It is the first commission to have ten commissioners; usually royal commissions have one, two or three commissioners. That is a first explanation.

The second reason is the way in which the commission decided to carry out its mandate; it leads to considerable expense. How does it lead to such expense? First, through the series of regional meetings held right across Canada and then, through its vast research program.

At the time when I was a member of that commission, most of the funds, that is almost three quarters and very often 90 per cent of the money allotted the commission went into research or the secretariat. Last year, according to our figures, the salaries paid the commissioners represented no more than 5 per cent of the funds allowed the commission to perform its work. All in all, when the work is done, I do not think the commissioners' salaries will exceed 10 per cent of the funds granted the commission.

Those facts have to be taken into account when considering the amounts paid to the commission. The real question is whether the commission was justified in calling regional

meetings and in undertaking this research program which is very expensive. In order to get a satisfactory answer to this question, the intentions which lead to setting up the royal commission should be kept in mind.

I should now like to quote a few paragraphs from the statement made on December 17, 1962 by the Prime Minister (Mr. Pearson) when he was leader of the opposition.

Hon. Marcel Lambert (Edmonton West): On a point of order, I am sorry to interrupt the minister, but I wonder whether he intends to use the time at his disposal to deal with the royal commission on bilingualism and biculturalism, since we are now dealing with measures designed to levy funds for the government. I wonder what connection there is between the two subjects.

Will the Laurendeau-Dunton commission find the means to levy the funds required to meet the expenses anticipated? Of course, a few references can be made to the commission, but not a whole speech.

Mr. Auguste Choquette (Lotbinière): A general discussion is held during the Budget debate.

Mr. Lambert: I am asking the question. The Speaker, on Tuesday afternoon, said that to discuss the C.B.C. was out of order because an amendment and a subamendment was before the house. We are now on the amendment and only the amendment can be discussed.

An hon. Member: Who moved the amendment?

Mr. Marchand: Mr. Speaker, obviously I mentioned the commission in relation to the expenses it has incurred.

Mr. Lambert: These are not expenses.

Mr. Marchand: Yes, these are expenses. I thought that at this point on the Budget debate, I could discuss such a subject without being limited by the rules.

Mr. Deputy Speaker: Order. I thank the hon. member for Edmonton West (Mr. Lambert) for having reminded the Chair and the hon. members that the minister could have strayed from the question now before us.

I think the minister simply wished to emphasize that, in some quarters, it was being mentioned that the inquiry of the commission had been rather costly. This is a budget matter. I think the minister may proceed with his remarks, within the limits of the expenditures provided for in the budget.

Mr. Marchand: Mr. Speaker, to make quite clear the extent to which these expenses were justified, I think I should indicate to the house what prompted the setting up of the royal commission on bilingualism and biculturalism, especially the idea that inspired its establishment.

To this end, Mr. Speaker, I would like to quote a few paragraphs from a speech delivered in this house on December 17, 1962 by the right hon. Prime Minister when he was leader of the opposition. The text can be found on page 2725 of the official report. Here is what he said, and subsequently, as Prime Minister, he presided over the cabinet which established the royal commission. I quote:

> This means, I believe, that we have now reached a stage when we should seriously and collectively in this country review the bicultural and bilingual situation in our country; our experiences in the teaching of English and French, and in the relations existing generally between our two founding racial groups. In this review there should also be in my view, every opportunity and every encouragement for Canadians, individually or in their associations, and organizations, to express their ideas on this situation. If they find it unsatisfactory they should suggest concrete measures to meet it and to reach a better, more balanced participation of our two founding groups in our national affairs.
>
> Are we ready, for instance, to give to all young Canadians a real opportunity to become truly bilingual? If the answer is yes, as I am sure it would be, what concrete steps should be taken at the different levels of our educational system to bring about this opportunity, having regard to the fact that constitutional responsibility for education is, and must remain, exclusively provincial? What further contribution to this end have we the right to expect from radio, from television and from films in both languages? How can we encourage more frequent contacts between young Canadians?
>
> Then, there is the question which has already been mentioned in this debate, one of specific and inescapable federal responsibility. What are the reasons why there are relatively so few French-speaking Canadians in the professional and administrative jobs of the federal civil service, including crown corporations and federal agencies? How can that situation be improved as it must be improved? Would it be desirable, for instance, to have a bilingual school of public administration operated by the federal government in Ottawa?

• (5:10 p.m.)

Mr. Speaker, I think I have made it abundantly clear that those who, at that time, created the B and B Commission were not looking for transitory measures to solve an extremely difficult problem, but intended to

get at the root of the matter and offer solutions acceptable to Canada as a whole.

That was their aim and to prove it, let me say that the government did mention on many occasions it would not wait for the commission's report before passing badly needed legislation.

On June 25, 1963 the Secretary of State—at that time the hon. member for Outremont-Saint-Jean (Mr. Lamontagne)—said in the house, as reported on page 1548 of *Hansard*:

> As far as the federal administration is concerned, as I said before, we do not want to wait for the commission's recommendations, before taking action. We want to achieve as soon as possible perfect equality for the two official languages, not only with regard to verbal or written communications with the public, but within every department.

He more or less repeated his statement in a speech delivered on June 12, 1963.

Therefore, the aim of the commission was —and I think that is how the commissioners interpreted their terms of reference—to seek out the deep-rooted causes of uneasiness in Canada. That is why the commission embarked on a vast research program. That is why the work of the commission is taking such a long time and why its recommendations will probably not be forthcoming before some months yet.

As the commission travelled across Canada, it became quite clear, from public hearings, that, generally speaking, Canadians did not know their country; they know their own region, their own province, but not the country as a whole. Each part of Canada developed towards the other parts prejudices which are now deeply-rooted, because people do not know what is going on and ordinary media of information do not usually fill in this gap.

Public meetings have proved that in this vast country which extends over 3,000 miles, people need to know one another better, to know what is going on in the western provinces, in British Columbia, in the Prairies, in Ontario, in Quebec and in the Maritimes. Our country is not only vast but it is divided by all sorts of barriers: geographical barriers —those who have crossed the Rockies know how much they constitute a barrier; distance barriers—those who have crossed the Prairies know how much these vast stretches of land constitute a barrier. There are also linguistic, ethnic and religious barriers.

Here is a vast country which does not know itself in depth, which often knows itself only through prejudices. Hence, it is important that the commission be allowed to investigate all these aspects of Canadian life, that it report on what it has heard and also on the results of its own reasearch, because to investigate on bilingualism and biculturalism, Mr. Speaker, is not easy. Some people may think—

The Acting Speaker (Mr. Rinfret): Order. I regret to interrupt the minister, but I think that his remarks do not exactly relate to the subject before the house. He referred to budgetary expenditures at the begining of his remarks, but I think he now deals with the principles which governed the initiatives of the royal commission on bilingualism and biculturalism.

I think the minister is departing from the subject under consideration, because tonight we have to vote on a very definite amendment. I think the minister should confine his remarks to the financial considerations concerning the Budget.

Mr. Marchand: In all deference, Mr. Speaker, I know that the royal commission on bilingualism and biculturalism has been very costly. Members of the house and the general public have complained about that. I simply wanted to tell the house why this commission had been so costly, to give the reasons and to emphasize the importance of the work of this commission in terms of the money voted. I simply wanted to prove to the house and the public that if only a few millions are needed to settle this problem of relations between ethnic and linguistic groups, I would not consider it costly and that this should not have significant repercussions on the budget as a whole.

[*English*]

Mr. E. Nasserden (Rosthern): In rising to take part in this debate, Mr. Speaker, I should first of all like to make a comment or two with regard to the statement we have just had from the Minister of Citizenship and Immigration (Mr. Marchand). What he has said was that this has been one of the most costly commissions in the history of Canada. He has tried to justify the action of the government, action taken in the face of opposition put forward during the period when this matter was first under consideration. I say to you, sir, that this commission has ignored the hopes and aspirations of more than one-third of the population of Canada, those of ethnic origin other than French or English, the two founding races of our nation.

We on the opposition side of the House of Commons believe that rather than emphasize

the differences that exist between Canadians in one part of this country and those in another part, the primary objective of a government that is striving for unity should be to bring Canadians together on those things that they have in common. We believe that the place to do that is at the conference table with positive suggestions rather than negative ones and a questioning of the differences that exist between one part of our nation and the other.

However, we are dealing with the Budget on this occasion and particularly with the amendment which reads as follows:

—the policies of this government have failed to deal constructively and effectively with major national problems facing Canada which require action now to provide policies for adequate incentives to increase productivity, stimulate export trade, to meet the serious and increasing imbalance of international payments, to maintain price stability, and to promote orderly and equitable development and expansion in all areas in the nation.

• (5:20 p.m.)

I can understand that the members on the treasury benches do not want to talk about these things. All they have to do is look at the record of the last three years. If one looks at the Budget presented this session, one will realize that the Minister of Finance (Mr. Sharp) has had to back-track on almost every action taken by the former minister of finance.

On this occasion, on the eve of our centennial year, the Budget debate is of more than passing significance. The Throne Speech outlines a government's good intentions; the Budget measures its sincerity and its purpose. The debate on the Budget is a crucial one under our system of government. Our predecessors in parliamentary practice attached votes of confidence so that the Budget debate would not be an idle exercise. These votes have never been looked upon as an obstruction to orderly government. Indeed, the allocation of time for this purpose enshrined within our rules has compelled a more than passing consideration of the Budget.

This debate should therefore be one of the decisive instruments of our democratic system of government. One need not examine the Budget presented by the Minister of Finance for very long to establish that it lacks any positive purpose. Therefore, sir, it lacks the greatest quality required to make it an instrument to build this nation.

There is another quality regarding Budgets and the debate associated with them and that is that parliament must be ready to stake its life on the various votes which are taken in relation thereto. I can think back and remember the Budget which introduced the 11 per cent sales tax about three years ago. I need not remind this house or the country now the leader of the N.D.P. and the members of his group failed on that occasion to face that decision. Their failure to vote then allowed the 11 per cent sales tax to take effect and has resulted in the factors which have led to the inflation which exists today in our country.

Three years later I am wondering about that decision which has had the effect of providing anxiety and privation for those on fixed incomes and those on low incomes in this country. I thought then, sir, and I think today that that was an act of cowardice on the part of a political party in this parliament. I know that the leader of the N.D.P. and his followers say that they remained in their seats reluctantly. But they nevertheless allowed the 11 per cent sales tax to take effect and allowed this tax to become one of the factors which have destroyed the purchasing power of the Canadian dollar. We in the official opposition took a stand then which we still take today, namely, that a government so lacking in foresight and vision was unworthy of continuing in office.

We have since had further budget debates. We have had an election. The Prime Minister (Mr. Pearson) so loved the prospect of a majority that he ignored the accumulated backlog of business before parliament and put the country to the expense of an election. It is interesting to realize that that was one of the times when the Liberals did not have the answers.

We in this parliament must now face the decision which should have been taken three years ago. The Minister of Finance and his colleagues, who have the answers, would not listen to reason during the last three years. The result has been the crises of 1966—tight money, inflation, the highest cost of living in the entire history of our nation—

Mr. Sharp: And the lowest unemployment.

Mr. Nasserden: —the deterioration of our balance of payments position, the highest consumer debt in Canadian history, costs spiralling day after day, and the tacit confession from the Minister of Finance that things will continue to spiral. Parliament faces the decision already delayed three years but now compelling in light of the events and conditions within the country. This nation must be

restored as a bastion of freedom and the bulward of opportunity for the humblest and the poorest of our people. The arrogance which is embodied in the attitude "You never had it better" must be relegated from the administration of the affairs of this country. Prior to 1957 this country was subjected to that type of arrogance, an arrogance marked by conceit and by a cavalier attitude toward the problems which confronted our people in their daily lives.

The minister referred to unemployment. Canadians of that day did not enjoy the prospect of unemployment. Worse than that, they did not enjoy the prospect of facing the problems associated with unemployment and automation without the training which should have been given in the period when hon. gentlemen opposite were in power for 22 years. The government of that day failed, and failed dismally, to meet that problem, but when we came into office one of the actions taken under the direction of our minister of labour, the present hon. member for Ontario (Mr. Starr), was to provide a program for building trade schools throughout the country. I believe over 287 trade schools were built in Canada.

That is the evidence, Mr. Speaker, of the neglect of the former administration, a legacy which was handed to us in 1957 and 1958 and which we met by doing something constructive in the years we were in office. I recall those days so well, particularly the response of the people in the great grain growing area from which I have been sent here. The people in my area did not like the prospect of the privation associated with empty pocketbooks and unpaid bills with at the same time overflowing grain bins. They did not like the attitude of the department of which the present Minister of Finance was then deputy minister. In short, they did not like the attitude "If you want our grain, then come and get it".

In the sessions which followed in 1957 and 1958 the foundations were laid for the expansion and development which began in 1961, and I am most happy, sir, to congratulate the Minister of Finance on his assertion that this expansion has continued and still persists despite the mistakes that have been perpetrated during the past three years.

The Minister of Finance is such a modest man. In 1962 his modesty was most remarkable. At that time he believed he had the answers. I have before me one of the answers he gave to the people of Canada. In fact, the Liberals inserted it in one of their pamphlets during the 1962 election campaign entitled "What Is Happening Now?" It reads as follows:

> There has been some economic recovery since the spring of 1961. Liberal spokesmen predicted it early in 1961. We expect it to continue through most of 1962. It is a normal movement in the business cycle; and as such, it is a welcome change. With this government's policies, however, it has a predictable end in another slow-down.
>
> We have had this sort of recovery before. In 1959 Canada made better progress than in other years of Tory government. Our production then increased by 3 per cent. That was better than the 1 per cent of 1958. Unemployment was less severe. But it was still serious. And in 1960 it became much worse again.

Then in red letters to emphasize the position of the minister, who was then one of the chief critics of the government of the day, the following statement was made:

> This year is like 1959. It provides some improvement, but nowhere near enough. And there are many indications that the improvement will not continue long. It is only a small offset to the economic slow-down of the Tory years.

Mr. Sharp: Then there was a change of government.

Mr. Nasserden: In the minister's Budget and in almost every publication from the Bank of Canada the confession has been made that this expansion which was begun in 1961 has increased and carried forward to an extent unknown in the history of our nation.

• (5:30 p.m.)

Mr. Sharp: As a result of government policies.

Mr. Nasserden: As a result of the foundations that were laid in 1957 and 1958.

Mr. Sharp: Why not go back to 1914?

Mr. Nasserden: It is very interesting, sir, to realize that the slow-down of those years was such that it has taken all these three years for a minister of the Crown in this the greatest land of opportunity, the land of raw materials and great resources, this land of limited population, to plead with business to slow down and to cut back on construction, all in the name of the inflation that was caused by the 11 per cent sales tax put into effect by this government. You know, sir, the minister was one of the architects of the fraud perpetrated in 1962 by the then opposition of that day. I need not remind anyone here nor in the country how well the hon.

gentlemen opposite demonstrated their illegitimate claim to the responsibilities of government. They still retain the old arrogance. The Minister of Finance is a living embodiment of that arrogance. Instead of coming clean with the Canadian people and with parliament the minister hedges, hoping a fractured gesture will serve a wholesome purpose.

I would ask you, sir, if the situation is of the magnitude that the minister has outlined on more than one occasion, and as indicated by every factor in the field of business today, why does he not remove the sales tax entirely? I cannot help but feel that the budget, therefore, is another monument to carelessness. It is an arrogant denial of responsibility. This debate can serve some useful purpose if it puts an end to the careless, divided administration opposite. It would then give Canadians a purpose and restore a new respect for the institutions that we have here in Canada.

I remember vividly how the Minister of Finance was in the vanguard of those who bore the banners of shame and degradation during the devaluation crisis. Day after day he was one of those who brought into question the integrity of Canada. I remember those repeated false claims fraudulently, arrogantly, carelessly and deliberately uttered by the front bench opposite. They were not content to destroy—

Mr. Sharp: Mr. Speaker—

Mr. Nasserden: —confidence in Canada, but they took their purpose to the other nations of the world as well, in the international field.

Mr. Sharp: Can I ask the hon. member a question? Since these are very serious charges that he is making, can I ask if he would document these charges against me in this respect?

The Acting Speaker (Mr. Rinfret): Order, please.

Mr. Nasserden: I wonder whether the minister could wait until I have completed my remarks.

The Acting Speaker (Mr. Rinfret): The hon. member wishes to ask that any questions be put when he has terminated his speech.

Mr. Nasserden: I remember that period. I remember that election campaign. I remember how members opposite gave birth to that illegitimate foundling, the truth squad. During the debate the minister has said that they never questioned the necessity for devaluation.

Mr. Sharp: That is right.

Mr. Nasserden: Why did you use the term "Diefendollars"? The minister ought to know that history has a way of catching up. At this particular time it has certainly caught up with this government. The Minister of Finance, the Minister of Transport, the Secretary of State for External Affairs and the Prime Minister all cast doubts on Canada's future. Every one of them said that with the devaluing of the dollar Canada did not have a future. Today, without generosity, without any apparent twinge of conscience, they would have us believe that they had something to do with the expansion and development that took place in this country from 1961 to 1965.

Mr. Sharp: Government policy since 1963.

Mr. Nasserden: I say to you, sir, that that expansion was well on the way before this government ever took office. I need not call witnesses in this regard. Indeed, I say to you without fear of contradiction that the expansion has taken place despite the impediments that have been the issue of this unhappy government opposite.

Mr. Sharp: We have done very well.

Mr. Nasserden: The minister has exhibited some pride in the health of our economy today. I say to him that it is a false pride without substantial foundation.

Mr. Sharp: Who is running down the country now?

Mr. Nasserden: First of all, the minister and the government opposite have only complicated the economic life of this nation since coming to office. Second, inflation today is rampant in this country, robbing our people of the purchasing power of their dollar. This inflation is a direct result of the poorly considered, ill-conceived measures which were the results of the labours of the present government.

It would also seem, sir, that the government embarked upon a program designed to create a high cost economy as soon as it assumed office. Members of the government have been eminently successful in that regard. The cost of living in Canada is at an all-time high. Consumer credit, which was

referred to by a member opposite, the hon. member for York East (Mr. Otto), is at an all-time high in Canada. Municipal taxes have become an increasing burden in almost every part of Canada. This problem has become so acute that some provincial governments have put in motion legislation to refund a part of the municipal tax burden.

Interest rates have gone up. We have had a return of tight money such as this country has not seen since hon. gentlemen opposite were in office prior to 1957. Farm machinery and production machinery have reached all-time record prices. All of these things add to the responsibilities of those who carry a dinner pail and work for a living, not to mention those who have to rely on fixed incomes.

I submit, sir, that these things have not happened accidentally. The government opposite, having destroyed the confidence of Canadians in the former government, set out deliberately and systematically upon the course it has followed to bring about the high cost economy that we have in Canada today.

Hon. members opposite are the ones who have boosted interest rates of National Housing Act mortgages, adding to the cost of owning a home. I submit that this deliberate action results, even if payments are amortized over a longer period of time, even if down payments are lowered, in adding to the cost of living. That action takes away something from the man who carries a dinner pail. Hon. gentlemen opposite have also raised interest rates on some of the loans to farmers. That could not have been done other than deliberately and knowing that it would increase the cost of production. I believe that the record bears out the belief that higher interest rates have been part of the government's policy which it embarked on deliberately three years ago.

During the election campaign, sir, we heard about this man who cares. I ask you, sir, where is this man who cares? Where is this man who was talked about throughout the election campaign? The only time that we see him in the house is during the question period or when he comes in to applaud some particular piece of business in which he outlines—

• (5:40 p.m.)

Mr. Sharp: To whom is the hon. member referring?

Mr. Nasserden: I am referring to the Prime Minister of this country.

Mr. Sharp: Then those are scandalous remarks and you should be ashamed of yourself.

Mr. Nasserden: I say to the Minister of Finance that that kind of arrogance—

Mr. Sharp: It is you who are arrogant.

Mr. Nasserden: The government might have been able to get away with it if they had been able to deliver the goods as far as legislation is concerned—

Mr. Chrétien: He is not going to spend his time listening to you.

Mr. Mackasey: On a point of order, Mr. Speaker, earlier you called the Minister of Citizenship and Immigration to order because he had departed from discussing the amendment. I should like to ask Your Honour what this personal attack on the Prime Minister has to do with the amendment now before us. What is the purpose, under the guise of a discussion on the Budget, of this attack on the Prime Minister who is not present in the house at the moment, and this attempt to reintroduce the type of atmosphere which has existed here for far too long?

Some hon. Members: Shame.

Mr. Nasserden: We are used to hearing these things from the hon. member for Verdun. But if he does not realize that the Prime Minister has failed to deal effectively with problems involving the daily lives of our people then he has not been doing the job for which he was sent to this House of Commons.

Some hon. Members: Hear, hear.

Mr. Sharp: If that is all you can talk about you should sit down.

Mr. Nasserden: In any consideration of the Budget one cannot help but think of the leadership given to a nation. I well recall how in former debates when the Budget was under consideration in this house the decisiveness of the then prime minister and the leadership given to this country were questioned by those who now sit on the front benches opposite. I ask you, sir, to look at the record and consider whether we have had the type of decisive leadership during the last three years of this administration to which the country is entitled.

I notice that the Minister of Transport (Mr. Pickersgill) is not here. I wish he were because he is one of those who, above all

others in the House of Commons, talked during that period about decisiveness and the need for leadership in this country. He is charged with the responsibility for transportation in Canada. He has had the MacPherson report before him for three years. Today that report is ancient history; yet there is no legislation before us to deal with the important problems raised therein. Where is the decisiveness of hon. gentlemen opposite with regard to a problem which affects every phase of our economy in every part of this nation? For three years nothing has been done to deal with this most important matter, one upon which the future development of our nation depends. The minister, once so vocal, so decisive, is now the very symbol and monument of indecision and delay.

We have a new Minister of Agriculture (Mr. Greene)—a missionary in the forest of high machinery prices. He uses the right phrases. He says the right things. The Minister of Finance and some of his colleagues think he is a "nut", someone to be put up with but not really to be listened to with attention. The Prime Minister himself tipped his hand in this regard when he appointed to the Senate those who had been disowned by the electorate, Hon. Harry Hays and the former member for Assiniboia, Hazen Argue, to advise the government on agricultural matters concerning western Canada. Together with them the Minister of Finance pays lip service to grain marketing.

A few days ago I asked the Minister of Agriculture to give some indication to the farmers of western Canada of what they should produce in the coming year. One of the ministers got up to say, rather smartly, that the farmers could decide very well what they wanted to produce. There was a time in this country when we had a minister of agriculture who went out to the farmers of western Canada and told them to produce one billion bushels of grain for the next three years. The Liberal answer during that period was that a final payment would be made which would amount to a bribe to the electors of western Canada who produced grain. That is an indication of the attitude of members opposite. The Minister of Finance used to take delight in hearing stories of cheques being brushed aside from the doorsteps of farmers in western Canada. That story was told in almost every other part of Canada by Liberal members and spokesmen laying a foundation for the false impression among people in many parts of this nation that the final payments came out of the treasury.

There is one matter I wish to deal with before I conclude. It concerns grain handling. We are all aware of the hesitation shown by the government with regard to the terminal at Prince Rupert. That hesitation produced hesitation in turn on the part of the grain companies with regard to the terminal at Vancouver. I believe the government would be well advised to consider a subsidization program for the construction of terminal facilities at the west coast. In the long run it might prove economic for the government to take this course; it might put this project on a much sounder economic basis not only for the grain trade but for the farmers.

The Acting Speaker (Mr. Rinfret): I regret to interrupt the hon. member but the time allotted for his speech has expired.

[*Translation*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, last Tuesday, March 29, the Minister of Finance (Mr. Sharp) on behalf of the government, tabled in the house the details of the national budget for the fiscal year 1966-67.

That document represents for the country an important event because it must bring to light the most urgent problems and suggest appropriate remedies.

A budget is the equivalent of detailed soul searching which, in addition to analysing with perception and priority the various problems which face the country, breaks down the coming expenditures and tries to find the revenue needed.

Since a budget exists to promote the welfare of the people and the economic life of the country, it must not be concerned only with mathematics and material considerations. A healthy budget must include, in addition to an economic direction, a social, family and humanitarian philosophy, according to the needs of the day.

Moreover, a dynamic budget can also afford some originality and does not have to fall systematically for worn and redundant economic theories already exploited and debatable.

In fact, economists disagree on so many things and the economic theories already in force have produced such unexpected results at times that one should not persist in going through the same gestures and refuse to take new and bold steps.

One must see that economic theories too often prove to be rational and that they grade problems too synthetically. They often remain too rigid and the results obtained often lead to a questioning of their standards.

Thus, when one says that to fight inflation it is necessary to reduce demand, restrict credit, take money out of circulation, restrain production and cut expenditures, and when, on the other hand, one suggests that to allay unemployment it is necessary to cut taxes and increase expenditures, the two problems are solved with more complexity than is used to state them, because several economic factors are little related and bring about conflicting results.

A realistic budget comes much more from the practical mind of a businessman than from theories held by academicians. To use an expression found in some provisions of the Civil Code of the province of Quebec, an able Minister of Finance must act as "un bon père de famille".

• (5:50 p.m.)

There are major problems in Canada and they must be faced squarely as soon as possible. Our main concerns are as follows: to provide work for all, welfare and security for everyone and to make the budget and the economy serve the individual. To this end, strong and immediate steps must be taken to increase our production capacity, improve our manpower, increase exports, develop our resources, fight poverty radically and ensure real economic balance.

In my opinion, the present budget of government is a collection of diverse, scattered and incoherent theories, it lacks dynamism and originality, it is a step backwards in the development of our country and, above all, it sacrifices to a doubtful economic balance the social, family and humanitarian needs of the Canadian people.

Inability to stimulate an increase in production and exports, indifference toward limiting our trade deficit, delay in establishing a strong manpower policy in co-operation with the provinces, too evident concern over keeping money concentrated in the hands of the little Canadian and foreign tzars, absence of an intelligent policy concerning the balance of payments, obstinate and shameful refusal to increase old-age pensions and family allowances, waste and maintenance of too heavy expenditures in national defence, neglect to establish a parliamentary committee and a national conference on constitutional and financial reform, increased taxes on the income of the majority of people, all these grievances make this budget dull, apathetic, mediocre and disappointing.

The national budget of the hon. Minister of Finance for 1966-67 is a reflection of the inertia of a government which shows itself to be increasingly unable to deal with legislation in order of importance and to solve the administrative problems of the country.

During the Easter recess I talked with a great number of my constituents, and it is, unfortunately, a sad message that I bring back to the Minister of Finance, a message with which I fully agree.

In spite of the seriousness of the situation and the general disillusionment, if we want to inject a humorous note it would be appropriate, as is usually done in Ottawa, to draw inspiration from the United States and parody this budget by borrowing the tune from the Gillette Company, a U.S. firm:

To be sharp, to feel sharp, to look sharp;

Now, in Canada, we may add: to live sharp, to die sharp.

During the few minutes at my disposal I shall be unable to dwell on each of the decisions taken by the Minister of Finance. Therefore, I shall only deal with some highlights.

After all, the minister's stand is based on the following assumptions: the Canadian economy is operating at full capacity; due to inflation and to production having reached its peak, we must slow down the increase in demand, reduce public and private investments, contain production and restrict the money supply.

But should the minister be wrong in his assumptions, a good portion of his theory would collapse automatically.

I am not convinced that our economy is operating at its peak capacity. This opinion is shared also by the Economic Council of Canada. In December 1965, the said Council pointed out a gap of 3 per cent between present and potential capacity. Today, this gap would be 2 per cent. Therefore, there is a substantial margin which would force us to stimulate our economy and justify another expansionist budget.

It is easy to see that many industries are operating at moderate capacity—the minister should visit my bailiwick, the county of Sherbrooke, and the surrounding constituencies to see that this is true—and that a good number of workers could increase their efficiency.

Mr. Stanley Knowles (Winnipeg North Centre): Six o'clock.

Mr. Allard: Unemployment still exceeds 2.7 per cent. Putting these unemployed to work would bring our economy to its full capacity.

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

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

The Acting Speaker (Mr. Rinfret): It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Chapleau (Mr. Laprise): Television—Chibougamau-Chapais—suggested use of services of the Northern Quebec Telephone Company Limited; the hon. member for Hamilton South (Mr. Howe): Unidentified flying objects—request for investigation; the hon. member for Mackenzie (Mr. Korchinski): Agriculture—Cream—request for acknowledgement of subsidy applications.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

[*Translation*]

Mr. Allard: Mr. Speaker, when the house adjourned at six o'clock, I was saying that in spite of the optimism of the Minister of Finance I was not convinced that our economy had reached its maximum efficiency since there is still a 2 per cent gap between its present and its potential capacity.

Our rate of unemployment still exceeds 2.7 per cent, the level usually maintained by an economy operating at full capacity.

According to the statistics for the week ending March 19, 1966, the national rate of unemployment reached 4.8 per cent, while it went up to 6.5 per cent in the province of Quebec and to 10 per cent in the Maritimes. Only Ontario, with a rate of 2.9 per cent, comes close to the ideal rate of 2.7 per cent. Must it be inferred that the minister tailored his budget to fit the situation in Ontario, rather than the situation throughout the country, instead of taking into account uneasiness and stagnation prevailing in several other provinces?

That is why when the minister claims that our economy is operating at full capacity I say he is shortsighted, that he sees only his own province and is being hoodwinked by a dangerous misconception.

Consequently, the measures he has announced will have effects damaging to our whole economy, and disastrous to the economy of several provinces and regions. If in addition, as a consequence of the restrictions he is laying down, a recession were to occur within six months, the situation would be serious.

Even if the claims of the minister were to be recognized the question arises whether the means he is using to achieve his objectives are the best. Mr. Claude Ryan, in a well-informed commentary published in the editorial of the newspaper *Le Devoir* on March 31, 1966, rightly pointed it out.

If a reduction of expenditures is required, such reduction should be made simultaneously in several areas. Tackling the excessive and wasteful expenditures in the Department of National Defence, to my mind, would have been indicative of wise management.

Applying his theories the minister has only reduced federal expenditures on construction work by 10 per cent, or $35 million out of total expenditures of $9 billion, a rather meek gesture.

Furthermore, the 5 per cent redeemable tax on private enterprise's gross profits and the partial and gradual exemption of the 11 per cent tax on some capital equipment do not take into account the diversity of industrial development from one area to another and the variety of equipment problems.

If the minister had to raise personal income tax, nothing prevented him from introducing changes and taking into account the family responsibilities and the education expenses of the taxpayer instead of following

tradition by providing for standard raises based solely on nominal categories.

The present budget lacks dynamic incentives to boost productivity and encourage skilled labour in order to meet international competition.

Another well-informed columnist, Mr. Peter Newman, said, and rightly so, in an article published in *La Presse* on March 30, 1966, and I quote:

1. Almost no provision has been made for those parts of Canada where unemployment rather than inflation is the real problem, particularly as manpower in Canada will increase by 220,000 new workers this year, many of whom will not have the advantage of being where work is available.

2. Only a weak effort has been made to deal with the serious problem of the Canadian balance of payments, which has increased considerably. By asserting that Canada intends to maintain the stability of its currency, Mr. Sharp gave the financial community—at home as well as abroad—the reassurance it wanted.

Mr. Speaker, a list of the highlights of the present budget would read as follows:

Small tax cut for the small wage earners.

Higher taxes for average and top bracket wage earners, from 10 to 14 per cent.

Status quo with regard to the basic exemptions.

No basic increase in old age benefits or in family allowances.

Reduction of the tax on industrial machinery but in a year only, and repeal in two years.

Decrease of 10 per cent in building expenditures and deferment of non urgent works.

It is obvious that the minister has sacrificed to his economic views, which I do not share at all, the social, family, humanitarian and regional needs of the Canadian people.

And yet, in the last year governments, institutions and several Canadians have declared war on poverty.

The tax cut for small wage earners is equivalent to a huge reduction of 6 cents a week, that is the price of a package of chewing gum. Is the minister trying to make people forget poverty by just advising small wage earners to chew gum?

The failure to increase the basic income tax exemption in a social, family and humanitarian concept and the refusal to increase old age pensions and family allowances show a total disregard of urgent and widespread needs.

The minister is too quick to close his eyes to the canker of poverty which must always be the government's main concern, as stated so aptly recently by the Quebec Minister of Family and Social Welfare, Hon. René Lévesque.

I do not find any originality or initiative in the field of personal income tax. The present budget remains too orthodox and cold.

For instance, what does the minister think of the theory of negative taxation which is now being studied in the United States? Is he ready to set up a committee to study that matter, within his department or elsewhere, instead of waiting calmly for other countries to lead the way in that direction?

Negative taxation is based on the principle of distributive justice. Each citizen, throughout his life, must get a minimum income to live.

That negative tax is set according to a line of poverty. In the United States there was talk of setting the line at $3,000 per family. In Canada it could be set at $2,500 or $2,000.

Thus, taking $3,000 as the basic line, an individual who would earn only $2,200 would get the difference from the state, that is $800. An individual earning $4,000 would be taxed on the excess, that is on $1,000.

• (8:10 p.m.)

A personal income tax would continue to apply to those with incomes higher than the amount set as the poverty line. Anyone earning less than the amount set as the poverty line would be paid by the government the difference between his earned income and the amount set as the poverty line. The individual who would earn nothing because he would be unemployed, would get the full amount set as the poverty line.

This would result in the removal of all social allowances, including unemployment insurance, except payments for education, hospital insurance and medicare.

It would be appropriate to maintain certain real estate and indirect taxes.

That is a new and imaginative system. It is under consideration by the Johnson administration but its possible application has been delayed in the United States by the extension of the war in Viet Nam.

What does the Canadian government do during that time? It is blissfully asleep on the same old clichés. It struts pompously along in stagnation. It immunizes itself against any new idea. Nothing can be done and everything seems stupid, unless it has been tried previously. The earth, the sun and the moon came about because there were precedents. What a mentality!

No wonder Canadian politics lack vitality and renovation.

Therefore, I would ask the Minister of Finance to have doubts about his forecasts and his advisers. He should pay as much attention to men of great experience and exceptional qualities like Dr. O. J. Firestone, vice-dean of the faculty of social science at the University of Ottawa and former economic adviser at the Department of Trade and Commerce, who advocates a tax reduction, and Mr. Robert Beck, president of DuPont of Canada, who recommends an increase in our production potential.

Before I conclude my remarks I particularly want to call the attention of the minister to the Canadian textile industry and the many problems it is facing.

This industry contributes a great deal to the Quebec economy. As a matter of fact, it has about 417 mills in the province employing 35,879 workers; it is the fourth most important Quebec manufacturing industry. Most of the mills are found in about 20 of Quebec's larger cities. In my constituency of Sherbrooke there are 12 spinning factories: Austin, Bruck Mill, Carnegie, Domil, Dominion Textiles, Fil National, Glenhill, Kayser, Morgan, Paton, Sheer Silk, Tricotex.

The textile industry is very important to Quebec, and to more than 20 cities. It has stood the test of time and is now lying at the mercy of increasing foreign imports; yet, in his budget speech, the minister never so much as hinted that he would intervene or consider means of reducing foreign imports.

There is great concern in the Quebec textile industry at the present time. More than 5,000 textile workers are unemployed and some factories have no alternative but to pay their employees the lowest salaries in the whole of Quebec industries and to have them work in inhuman conditions to achieve a certain level of production; employees are working relentlessly from morning till night, taking only five or ten minutes out for lunch.

The textile sector of our economy is perhaps the most Canadian of all our industries; 80 per cent of its capital is made up of Canadian investments. I think the minister and the government should make an effort to preserve our industries. I have received many complaints from labour and industrial organizations.

In 1963, particularly, imports from Japan increased by 37.5 per cent; those from Hong Kong rose by 36 per cent. We sell wheat to Communist China. I would not mind if we sold it to all the countries in the world. In return, we accept textile products. I would ask the government to diversify imports and to suggest to foreign countries to diversify their exports to Canada instead of always sending textiles.

The hon. minister has the figures. He knows that Communist China buys wheat from us and other things which it needs and in return sends us 75 per cent and more of textile products, which we do not need since Canadian industry can meet our domestic demand.

I would like to ask the hon. minister to consider the fate of the textile industry in view of the present acute crisis which is shaking this country, for thousands of citizens are affected by it in the province of Quebec. I would like to ask him to study means of putting a stop to these imports. The best way to do so would be to bring their prices in line with those of Canadian products, by setting their value for customs duty purposes.

As an alternative quotas should be maintained and, if need be, improved. The scope of quotas should be broadened to include additional products and each category should be clearly defined. In fact, the only solution to the problem of low priced imports would be to set all inclusive quotas.

Quotas should be applied to all items of clothing, products and textiles; there should even be sub-quotas to prevent over-saturation through concentration as it is now possible.

These are suggestions which should be studied by the hon. Minister jointly with his colleague the Minister of Trade and Commerce (Mr. Winters), and the government should also take an active part in the study. We do not know what the government's policy is with regard to the textile industry. I hope it is not the one expressed by the hon. member for Bonavista-Twillingate (Mr. Pickersgill) who, in 1959—I do not have the reference, but if it is requested, I could give it—who said that the textile industry was not sustained by Canadian raw products and gave the impression, throughout his long speech, that it was one which should be allowed to go to ruin. I trust that is not the present government's policy and that it will soon adopt vigorous measures with regard to that important industry.

• (8:20 p.m.)

[*English*]

Hon. R. A. Bell (Carleton): Mr. Speaker, this afternoon the Minister of Citizenship and

Immigration (Mr. Marchand) sought to smuggle into the Budget debate his opinions on the royal commission on bilingualism and biculturalism and the new government policy on bilingualism in the civil service. The minister has achieved an almost uncanny knack of choosing the wrong time and the wrong forum to express his opinions. At the proper time during this session, which assuredly is not during the Budget debate, I will deal fully and explicitly with the views which he expressed and with what I consider to be the disservice which he and his colleagues are doing to Canada's public service.

Tonight I wish only to remind the Minister of Citizenship and Immigration that he is very much a political neophyte and would do well to absorb some of the wisdom and the statescraft of the great leaders of his own people, Cartier, Langevin, Laurier, Lemieux, Lapointe, Arthur Cardin, and St. Laurent, before he discards the heritage and tradition which they impressed upon Canada and before he seeks to pontificate upon problems which he does not yet understand. It is a great thing to get at least half dry behind the ears before seeking to solve overnight, problems which have engaged generations of the best political minds of the nation.

What of this Budget, sir? I say that not since the days of the "miller of Valleyfield" has Canada experienced a Budget so prosaic and unimaginative as that delivered by the hon. gentleman from Eglinton (Mr. Sharp) on March 29. But one would have to search even farther back in history to find a Budget which so studiously avoided the major issues of the day.

The Minister of Finance sought, or appeared to seek, to find some justification for the insipid and vapid fiscal policies he espoused in the imminence of the report of the Carter Royal Commission on Taxation. Certainly after that Commission has taken more than three years to study our taxation system the house and the country has the right to expect profound and practical recommendations to update our taxation system. Without doubt the federal "Topsy-built" tax structure has become regressive, stifling enterprise in many regions and discriminating against many taxpayers. A major overhaul is undoubtedly imperative.

There can never be, of course, such a thing as a tax millenium but perhaps we may see in the Carter report a peep of light over the dread tax horizon.

I think it is only fair that the house say to the Minister of Finance and the Minister of National Revenue (Mr. Benson) that we expect prompt and decisive action in dealing with the report of the Carter Commission. Officials of the Department of Finance and the Department of National Revenue, including the new tax analysis unit, have already seen, and in my view, improperly seen, sections of the Carter report. The two ministers cannot have the slightest excuse for emulating the stalling and temporizing with which the government has dealt with all other royal commission reports.

If a second budget is needed in 1966 to bring our tax structure up to date, and if a proper overhaul is recommended, then I say that the minister should not have the slightest hesitation in bringing down a second budget.

What I want to assert to the minister tonight as vigorously as possible is that the imminence of the Carter report is no excuse whatever for the colourless, lack-lustre, pallid approach of the Budget to the major fiscal issues of 1966. Rising costs and inflationary pressures are stealing much of the real gains in our economy, and what is tragic, they are stealing them from the very people who need them the most. Compare, if you will, as I have done, the advertisements of the supermarkets three years ago and those of today, and one cannot but be shocked and alarmed by the advance in the cost of staple items of living.

Let us take another basis, Mr. Speaker. Compare if you will, the prices listed for the basic items of living in Washington, District of Columbia, with the prices advertised for the identical commodities in Canada's national capital. Then compare the salary levels of Washington and Ottawa, and one can only be astonished at the handicaps suffered by the salaried workers in this community.

I suggest that the timorous and inadequate proposals of the Minister of Finance to deal with inflation are largely self-defeating and will intensify rather than contain the problem. In particular, I would submit to him that the 5 per cent refundable tax on corporate income will significantly increase the pressures and thereby defeat the very objective of the tax.

The pressure in business will be to maintain a consistent level of retained earnings and of dividend pay-outs, and with the 5 per cent refundable tax this can only be achieved

by percentage increases in product prices considerably in excess of 5 per cent. I predict to the Minister of Finance that a year from now he will be most unhappily aware that his panacea, his cure-all, in fact will have spread the disease.

Equally, Mr. Speaker, I think it is difficult to understand the failure of the minister to make any attempt to balance the budget. Deliberately in boom times he plans a budget deficit of $150 million, and at the very time when the policies of the government have made money tighter than at any time since 1957 he plans to go into the market for a cash requirement of $500 million in 1966-67, as opposed to only $187 million in the last year. Clearly what he is doing is trying to pull himself up by his bootstraps. I suggest that he will succeed only in confounding his own problems.

Mr. Sharp: Could I ask the hon. member a question?

Mr. Bell (Carleton): Mr. Speaker, the Minister of Finance has been very good at getting up and asking questions, and bootlegging questions at that. I will answer his question at the end of my speech.

Mr. Chrétien: You are afraid.

Mr. Bell (Carleton): I intend to make a full presentation and I will answer the minister's question at the end of my speech. But I would ask him not to bootleg questions as he has done constantly, sitting in close proximity to *Hansard* and putting so many comments on the record.

Mr. Sharp: I thought my hon. friend would be flattered to know I was listening to his speech. I am just trying to be helpful.

Mr. Bell (Carleton): I put it to the house and to the country that if our national budget cannot be brought into balance at a time which the Minister of Finance alleges to be our greatest boom, then when can it be? Surely it is monstrous to suggest that we can go on and on in years of prosperity, ever increasing the national debt, ever living beyond our means, without anticipating a day of fiscal reckoning. If there is any validity at all in cyclical budgeting, and I believe there is, then how can anyone doubt what stage of the cycle we have achieved in 1966? Once again the Minister of Finance has allowed himself merely to be the prisoner of events, instead of attempting to act as captain of the nation's fiscal fate.

[Mr. Bell (Carleton).]

What I have said here, Mr. Speaker, must apply equally in connection with the spreading crisis in our balance of payments position. All the minister does is to view it with alarm, to suggest that we must develop a long-term balance of payments policy, and then he retreats without even suggesting a palliative.

• (8:30 p.m.)

One of the aspects of the minister's speech which fascinated me was his pinpointing at one stage of his speech of the year 1962—and at another stage he said "five years ago"—as the period when the upturn in our economy gained momentum. What a difference there is between this confession and what the minister and his colleagues are prone to assert on the hustings. But now at least we have his acknowledgement that it was the policies of the former government which sparked the upturn. The real fact is that our present state of economic well-being is firmly grounded in the devaluation of the dollar, a policy once scorned, sneered at and vilified by most hon. gentlemen opposite. They are now the inheritors of the benefits of the very policies that they pilloried. The genuine basis of our economic well-being is in the policies introduced by the former hon. member for Eglinton, Hon. Donald M. Fleming, who I believe, sir, will be established in history as one of the most intelligent, courageous, and far-sighted ministers of finance of all time.

Sir, in my view the Budget is much more significant with respect to the matters with which it does not deal than with respect to the evasive pronouncements over the limited range with which it does deal. It is much more significant in its omissions than in its inclusions or its proposals. I want to deal with three matters virtually ignored in the budget, agriculture, education and federal-provincial relations.

Can you imagine, sir, a budget of Canada with only two parts of a sentence—I repeat —with only two parts of a sentence mentioning the farm industry? In mentioning that fact, sir, I am aware that you come from Stormont, and that you know the picture in eastern Ontario. In one part of the sentence the minister states that "the prospects for wheat sales are good" and in another he announces the deferment of commencement of construction of buildings on the satellite experimental farm. There is not another mention of agriculture in the whole speech. There is not even a forecast in the review of economic conditions.

Sir, what an illustration this is of the urban orientation of this government, and what an illustration this is of the total disregard and neglect of the basic industry in this country. It troubles me beyond description that any minister of finance can put together a Canadian budget without a single moment's thought to the agricultural community. And this occurs at a period when much of Canadian agriculture is in a condition of explosive change, and in a critical cost-price squeeze. The Minister of Finance has done less than justice to himself and to his colleagues by his contemptuous disregard of the Canadian farmer.

I assert to him that his proposed deferment of the building on the satellite experimental farm is the very reverse of what he should be doing. He should be expediting those buildings and stepping up the program of research into animal and plant diseases, soil nutrition, animal and plant breeding to increase productivity, and to reduce costs. A pause in the experimental farm work will be self defeating. It is penny wise and pound foolish, ill advised and inappropriate, and a wholly invalid technique for attempting to deal with the spiralling costs of building.

My political neighbour, the hon. member for Renfrew South, the Minister of Agriculture (Mr. Greene) must know the essentiality of proceeding with every possible dispatch with this satellite experimental farm. I appeal to him directly to insist that the Minister of Finance end this arbitrary and capricious deferment of the satellite experimental farm.

I found astonishing the Budget's silence on the subject of the federal role in education. At one stage in his speech the minister paid lip service to the need for manpower training and for improving the skills of the labour force. But that was all. True, the Speech from the Throne contained some pious ejaculations about the role of the federal government in education. The Prime Minister has announced some interim plans for increasing university grants; but the house had the right to expect, sir, from the Minister of Finance some discussion of the financial provisions proposed to be made, and also discussion of the future plans of the federal government in this vital field of education.

Let me state my view very definitely. The federal government must take the necessary responsibility for the financing of education, and for the developing of the intellectual resources of the nation. The present piecemeal approach of student loans, bursaries, etc., I say is inadequate. The need for federal participation in the field of education, and particularly in higher education, has become a fact of Canadian life which cannot be gainsaid.

The position is very clearly set forth in a few sentences of Professor Frank H. Underhill, delivered during the Massey lectures of 1963. At page 65 this is what he says:

> In an environment that changes every decade with the revolutionary advances of science and technology, our future depends on our flexibility, our adaptability to changing conditions. And this depends upon the quality of the education that we make available to our young people. This is a national interest that we all have in common; in the conditions of the second half of the twentieth century, our rigid division of powers in which we insist that education is a function belonging entirely to the provinces is self-defeating. In a world economy in which all groups are becoming daily more interdependent for their economic health and prosperity, we need a strong, well-equipped national government to direct and supervise the growth of our economy as a whole in its relations with the world as a whole.

I am sure it will astonish Professor Underhill that one of his students who never agreed with him when he was a student now agrees with him completely.

In my view, the time has come to establish a national office of education—a national education secretariat, call it what you will —reporting to parliament through the Secretary of State and responsible for planning and co-ordinating all the national efforts in the field of education. The time to do it is now.

I suggest that special support is needed in the field of the humanities. The revolutionary advances in science and technology have tended to obscure the importance of the humanities. In particular, in my view, a greatly expanded program of research in the fields of political science and economics is urgently needed. Special federal help to the two universities in the national capital regions, Carleton University and Ottawa University, ought to be given in these particular fields for which the location of these two universities gives them a unique advantage. These two universities ought to be predominant in the fields I have mentioned, but they have had little opportunity adequately to equip themselves for the special role which I believe they should play in the fields of political science, economics, and probably history.

Then, sir, the Minister of Finance made but passing reference to the field of federal-provincial relations. His presentation, in my view, was most inadequate and gave no indication of future government policy. For the past two and a half years, sir, there has been a process of emasculation of the power and authority of the parliament and government of Canada. This process appears to be accelerating. The time to call a halt is now, in this year, 1966.

Again, I adopt views expressed by Professor Underhill in the Massey lectures, and I quote from page 65, to which I have already referred:

> As things are, however, our national government in recent years has approached the ten lusty provincial governments, and especially that of Quebec, in an attitude of timorous politeness, as if apologizing for the fact of its own existence. And the Canadian people as a whole cannot apparently reach any agreement to entrust their fortunes to any one political party with a majority support. They watch apathetically while our unprotected federal quarterback, looking in vain for a pass receiver, is overrun by the big husky linemen of the provincial defensive team and thrown for another loss.

Then at page 66 Professor Underhill says:

> Yet it is at this time, confronted as we are by opportunities and dangers so momentous, that our ambitious provincial governments are doing their best to erode the basis of national authority and to add to their own importance and prestige. The assignment of greater responsibilities and greater financial resources to the provincial governments is, of course, in the interest of the provincial politicians and bureaucrats. I can see no evidence that it is necessarily in the interest of the people of the provinces who are also citizens and taxpayers of the Canadian national state.

Sir, I believe that there is the gravest danger that already the federal government has parted with adequate budgetary flexibility to such an extent that it may no longer be able to influence the national economy effectively, or to protect the nation against recession or depression. Believe me, sir, we must have one national economic policy. We cannot have ten regional economic policies and hope to survive as a nation. Parliament, and the government responsible to it must have and retain the broad economic powers properly vested in this national authority. I say that only in this way can there be balanced and equitable development of all regions of Canada.

• (8:40 p.m.)

The existing tax sharing agreements are due to expire and already it is clear that the forthcoming federal-provincial conference will be another raid on Ottawa. I put it to the Minister of Finance here and now that he has a positive and unequivocal duty to call a full halt to the erosions of such encroachments upon federal authority. And I put it to the right hon. gentleman from Algoma East (Mr. Pearson) that he was not sworn as Prime Minister of Canada in order to preside over the liquidation of the national authority.

I use the words of one of his predecessors:

> A strong and dominant national feeling is not a luxury in Canada, it is a necessity. Without it, this country could not exist. A divided Canada can be of little help to any country, and least of all to itself.

Those are the words of Right Hon. W. L. Mackenzie King as they appear in *Hansard* of March 30, 1939.

Let me illustrate the need to call halt to the erosions into federal authority. Mr. Eric Kierans, Minister of Health in Quebec, the man who seeks to out-Lévesque Lévesque, argues that the federal departments of agriculture, of fisheries, of national resources and of industry are now superfluous because the provinces, and Quebec in particular, have the same ministries which, according to him, are perfectly competent in their respective domains. "Canada", he has said, "will never again know a strongly centralized economy because Quebec knows better then Ottawa what its problems are; because Quebec now has the means to solve them."

Add these strange constitutional heresies of a former president of the Montreal Stock Exchange and former Professor of Commerce at McGill University—who should know better—to the weird pleas of those public men who want Ottawa to share with the provinces control over monetary policy, credit and banking, over Eskimos and Indians, and what do you have? A totally emasculated and impotent central government and a powerless parliament of Canada.

Already, we are perilously close to just that. Further federal retreat and we are over the precipice. I say deliberately that those who seek to chisel away bit by bit the power and authority historically and constitutionally vested in our central government are much greater danger to Canada than any lunatic fringe of separatists. It is boring from within in order to destroy.

I proclaim it tonight as an article of political faith that the basic problem in Canada today is not that the central government is too strong, but that it is too weak.

The provinces have emerged into a position of strength never before matched in

Canadian history and never contemplated by the Fathers of Confederation or by any of our federal or provincial statesmen in almost 100 years.

A famous philosopher once said: "A nation which forgets its past condemns its future". Our past is one Canadian nation—not ten associated states. It is not the right, and certainly not the duty, of public men in the Parliament of Canada or in the provinces to repeal 100 years of constitutional history; it is not their duty to believe that the ultimate in statescraft is to emasculate the national government in favour of ten provincial administrations.

I am speaking strongly and deliberately and after much meditation. Nineteen sixty six must be the year which restores and revivifies Confederation, not the year which stultifies and harpoons all Canadian objectives and purposes. For, believe me, with a weak, emaciated federal authority, all semblance of nationhood will disappear.

Today, effective decisions on economic, constitutional and political issues of the gravest national importance are being assumed by federal-provincial conferences, and the Parliament of Canada is being by-passed. Delegation of decision making to federal-provincial conferences makes debate in this parliament little more than shadow-boxing. Undoubtedly there is an important role for meetings of federal and provincial officials, but that role is not the assumption, the usurpation, of effective political power in Canada.

The pretension of provincial premiers to national authority are false historically, unsound constitutionally and suicidal economically.

If members of this parliament of Canada, irrespective of party affiliation, will stand firm againt erosions of and encroachments upon federal authority, I believe all Canadians will respond. I believe the people of all Canada, Quebec as well as Ontario, Nova Scotia equally with Manitoba, will refuse to see confederation compromised out of existence. But the time to speak up is now—next year may be too late.

One of the constitutional devices, of which I am not proud, is the opting out formula. At the time it was devised it appeared to be a brilliant solution of a constitutional impasse over university grants. I take full responsibility personally for having supported it. Had it ever occurred to me that it might have established a pattern whereby opting out has become the rule and remaining in the exception, I would have opposed the institution of the formula with all the vehemence at my command. That I did not have the foresight to do so, is one of my major political regrets.

Far better that the Quebec universities should have suffered additional but eventually only temporary hardships, than that a new constitutional formula should have been devised which may well succeed in undermining the national authority of the parliament and government of Canada to influence, direct and where necessary regulate the national economy.

Two of everything does not contribute to nationhood, and heaven forbid the day should come when we have three or ten of everything. In my view, two pension plans are an abomination. Ten medicare plans will be worse. And this is happening at the very time when ordinary Canadian people seek unity and nationhood with an ardor never before experienced. Provincial politicians in British Columbia may seek to badger the essential unity of the nation, but the people of British Columbia do not.

Provincial politicians in Quebec may vie with one another in drawing blood from Ottawa, in inventing new terms and new theories emphasizing the state of Quebec—not the province, mark you—as a means of downgrading Ottawa. But I have travelled enough in all parts of Quebec and know enough of the real pulsing heart of that province to be certain—as morally certain as I have ever been of anything in my life—that the people of Quebec will respond equally with the people of Ontario to policies of genuine Canadianism, or if I may use the expression of one of my old chiefs, the late, delightful Dr. Bob Manion, to a red-blooded policy of Canada first. The citizen of Quebec is basically no different from the citizen of Ontario or Manitoba. First, he is a Canadian and second, he is a Quebecker. It is time that the political pygmies stopped trying to reverse that fact of life.

Mr. Speaker, only 254 days remain before this wonderful nation, this magnificent homeland of us all, enters the centennial year of her confederation. We must stop drifting; we must stop believing that necessarily all will be well in the end.

The next century for this most favoured land depends upon the adoption of positive, decisive, enlightened policies of national development. We in this twenty seventh Parliament must be as adventuresome but as

realistic as the great fathers of our country. Can this twenty seventh parliament rise to what is the greatest challenge of the whole of the first century of Confederation? My prayers, sir, are that each one of us may be guided to be worthy of the nation which has given to us the privilege of serving her in her highest and noblest institution.

• (8:50 p.m.)

[*Translation*]

Mr. Alexis Caron (Hull): Mr. Speaker, I have listened with pleasure to the speech of the Minister of Finance (Mr. Sharp), and I even found it very objective. I was not surprised to note that most responsible Canadian papers endorsed it readily. The opposition objects to it and it does not surprise me. Its role is to object. What surprises me most about the opposition is that their objections could not prove useful to them if ever they returned to power, because when the Leader of the Opposition and most of his chief lieutenants will disappear, the Conservative party might return to power and then, how will they be able to support the policy they are advocating today?

The member for Carleton (Mr. Bell) referred very earnestly to important problems. He exaggerated the situation in Quebec. True, there are separatists in Quebec, but most of the people are not. They wish to preserve confederation, but they ask that our rights, so dear to us, be respected; the member for Carleton is aware of this and is willing to respect our rights.

In his budget, the minister attempts to remove the threat of inflation in Canada. This threat actually exists. Besides, the opposition, in a non-confidence motion some time ago, criticized the government for ignoring this threat of inflation, as the minister remembers. Now, the minister is taking action to fend off the threat of inflation. I commend him for it and I hope he will continue.

The Créditistes, and I understand them, claim that the Bank of Canada could lend without interest to school boards and municipalities. I listened to the member for Lapointe (Mr. Grégoire). I did not hear the member for Villeneuve (Mr. Caouette) because I was not in the house. I suppose he spoke along the same lines.

Mr. Caouette: It was better.

Mr. Caron: I do not doubt it, because the hon. member is a talented man. In my opinion, those who say that the Bank of Canada could lend without interest to school boards and municipalities are mistaken. The Bank of Canada can certainly lend, but it must obtain its money somewhere. If the Bank of Canada—

[Mr. Bell (Carleton).]

Mr. Caouette: A short question. The member for Hull, Mr. Speaker, says that the Bank of Canada must take its money somewhere. Can the hon. member tell us where the Bank of Canada takes its money to lend it to foreign countries, like Jamaica, the Congo and others, without interest. Where does it take its money?

Mr. Caron: Out of Canadian citizens' incomes. The Bank of Canada derives its income from Canadian citizens.

Mr. Caouette: Where?

Mr. Caron: They granted loans without interest; it may be a mistake. They wanted to help these countries having difficulties, to prevent them from going communist. I believe the country did the right thing and I fully approve.

I maintain that it is impossible to lend to all municipalities and school boards, because we could not find the necessary incomes to do so. If it were possible, I would be delighted. But I cannot, because I cannot understand the way Créditistes work out their calculations concerning incomes. They ask the Bank of Canada to lend money. It cannot make money.

The other opposition parties, namely the New Democratic party, can propose special measures. They can propose a reduction in taxation and an increase in exemptions. That is normal. They know they will never be in office; that is why they can say it so easily.

Mr. Caouette: On a point of order. When we moved an amendment in the house concerning the creation of debt-free money and without interest, the member for Hull voted in favour.

Mr. Speaker: Order.

Mr. Caron: I admit that I voted in favour of debt-free money without interest. It was then a non-confidence motion but we could not oppose it. We voted in favour because it was necessary. We might not do it today, because we are not in opposition. If you were on this side of the house, you would see what kind of difficulties one can come up against. There is nothing like sitting on the side of the government to become prudent. One must foresee the future. Members of the

opposition can object, they do not have to foresee. The people are not obliged to follow them. We have seen that the people so far did not follow them.

They are not concerned as to where the money comes from. They are not concerned about the inflationary situation which would result and they take pleasure in making such a proposal which they know is unacceptable. Let them have this pleasure and, as has been done by some responsible newspapers, let us say that Canada was right, that the minister was right in introducing measures to check inflation in Canada.

This budget is realistic and timely. The deficit will be larger or smaller, I do not know, it will all depend on the economic situation in Canada. If our economic situation is good, the deficit will be small; if it is bad, it might be larger. The present minister wants to protect Canada against a larger deficit.

Mr. Speaker, I would like to take this opportunity to congratulate the right hon. Prime Minister (Mr. Pearson) for the courage he has shown in establishing bilingualism within the Civil Service. I understand that the hon. member can laugh because automobiles are his only concern and bilingualism does not interest him very much.

In my opinion, the policy advocated by the Prime Minister on bilingualism required courage. He has established it with courage and I congratulate him. I do not pretend it is perfect, but I think that we could have probably better—

Mr. Caouette: It is much better than what the Tories have ever given us.

Mr. Caron: Exactly. It is far much better than what the Conservatives have given us. I share the opinion of the hon. member in this respect, because the Tories have never given us a thing, and there has been nothing more.

We are going to introduce a certain amount of bilingualism in the framework of the Civil Service. This may take a certain time, even until 1975.

Mr. Caouette: Not only in Hull.

[*English*]

Mr. Deputy Speaker: Order. I would remind the hon. member for Hull (Mr. Caron) of the amendment which is now before the house, and I would ask him to confine his remarks to that amendment.

[*Translation*]

Mr. Caouette: On a point of order, Mr. Speaker. We are now discussing the budget. I understand we have before us an amendment and that a subamendment has been moved by the New Democratic party.

On the other hand, I feel adequate leeway has been given all members, whatever their party, to say what was on their minds. It seems to me, in the cricumstances, that the member for Hull should be given adequate leeway to say what he has to say at this time, while we are discussing the national budget.

• (9:00 p.m.)

[*English*]

Mr. Deputy Speaker: Order. The Chair feels it is necessary to remind the house that there is an amendment which is now being debated, and the remarks made by hon. members must be confined to that amendment.

Mr. Caron: Sir, I have to differ in opinion with you. It is a fact that on the Budget speech anyone may speak on any subject; it has been that way since the beginning of confederation. I do not believe I should be deterred and required to speak only on the amendment. I think I should be allowed to go ahead with my speech in the way I have started; I do not believe I should be stopped.

[*Translation*]

I believe, Mr. Speaker, that the Prime Minister was right—he did not give us all that we expected—but he was right in giving us something new, something practical.

I know that, since 1918, we have always been saying that those who are bilingual would receive additional salary. It was never given. Today, it can be hoped that, within a year or two, those who are bilingual will be getting it. I claim that outstanding courage was called for, on the part of the Prime Minister, to act as he did.

I want to take this opportunity to congratulate him on behalf of Canadians, not only the French Canadians, but all bilingual Canadians who live in this area.

Mr. Speaker, I congratulate the Prime Minister. I am pleased to see a greater interest in bilingualism, now that extra pay has been mentioned. Bilingualism will not easily come about, it will be difficult, and most people do not seem to realize the situation.

Some mentioned Italians, Germans, Polish and others, but those people came to Canada

as immigrants and knew they would have to speak either English or French, and they learned one or both languages. But we, French Canadians, have been here since the early days of colonization. We were the first settlers of the country, then we were defeated by the English on the Plains of Abraham and had to live side by side with them. Regular meetings between English and French have made us realize that we had to learn both languages.

Hon. Martial Asselin (Charlevoix): Mr. Speaker, this afternoon the Chair did not allow the Minister of Citizenship and Immigration (Mr. Marchand) to go on with a speech along those lines. Tonight, you interrupted the hon. member for Hull (Mr. Caron) and suggested that he confine his remarks to the non-confidence motion now before the house. However, the hon. member for Hull did not comply with your instructions and, in my opinion, he should not be allowed to go on, just as you did not allow the Minister of Citizenship and Immigration to continue his speech this afternoon because he was not dealing with the amendment.

Mr. Caron: On the point of order, the narrow-mindedness just shown by the hon. member is amazing. In the past, no proposed amendment to the Address in Reply to the Speech from the Throne or to the Budget speech ever prevented a member from referring to anything whatsoever. I admit it is not in the standing orders, but it has been the tradition since confederation and I do not believe I may rightly be prevented from doing so.

Besides, the hon. member for Carleton referred to this and I may speak about it myself, for I have a right to speak on any subject during the Budget debate and I intend to continue, Mr. Speaker.

[*English*]

Mr. Deputy Speaker: Order. I must still remind the hon. member for Hull (Mr. Caron) of the amendment which is now before the house. I would hope he would make every effort to confine his remarks within the limits of that amendment.

Mr. Caron: Mr. Speaker—

[*Translation*]

Mr. Caouette: On a point of order, Mr. Speaker. We saw a while ago the hon. member for Carleton spit on the province of Quebec as probably no other Conservative can do and the Chair tolerated it. For the last four years—

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

Mr. Caouette: Mr. Speaker, I am on a point of order at the present time.

Mr. Ricard: I rise on a question of privilege, Mr. Speaker.

Mr. Caouette: Mr. Speaker, I am on a point of order at the present time and the hon. member for Saint-Hyacinthe-Bagot should resume his seat.

[*English*]

Mr. Deputy Speaker: Order. There can be only one point of order at a time.

[*Translation*]

Mr. Ricard: Mr. Speaker, I was in the house when the hon. member for Carleton made his speech and I do not remember him saying what the hon. member for Villeneuve says he did. I think the member for Carleton spoke with all due respect, even if the Parliamentary Secretary to the Minister of Finance (Mr. Chrétien) did not like his remarks. There is no reason to say that he spat on the province of Quebec, for he made a fine and dignified speech—

Mr. Caouette: Mr. Speaker, there is no question of privilege.

[*English*]

Mr. Deputy Speaker: Order, please. The hon. member for Saint-Hyacinthe-Bagot (Mr. Ricard) does not have a point of privilege; he is refuting an argument.

The hon. member for Villeneuve.

[*Translation*]

Mr. Caouette: Mr. Speaker, I maintain that the member for Saint-Hyacinthe-Bagot was off the track as he always is anyway.

As to the question of privilege, I maintain that the hon. member for Carleton was allowed to say anything, not only with regard to the amendment before us, but any nonsense as we know the hon. member for Saint-Hyacinthe-Bagot is able to say. But now they object to the hon. member for Hull expressing what he has to say with regard to the Budget speech.

I have been here for four years, since 1962, and I have had the opportunity to hear people from all parties express what they had to say

during the debate on the Address in reply to the Speech from the Throne or on the Budget speech introduced by any Minister of Finance including the present minister who is the sharpest of all those we have known during the last four years.

Mr. Speaker, in my opinion, the Chair should recognize those facts and grant the member for Hull the necessary leeway, letting him express his views just as was done in the case of the hon. member for Carleton who said all he had to say against the province of Quebec.

[*English*]

Mr. Deputy Speaker: Order. I would refer hon. members to a statement made a day or so ago by Mr. Speaker. He referred to the question of urgency of debate. The hon. member for Edmonton West (Mr. Lambert) drew attention to the fact that the immediate business of this house was the continuation of the Budget debate and that there should be no discussion of this matter in the next four or five days. At this time Mr. Speaker went on to say:

> I agree with the hon. member to this extent. This matter cannot be discussed while there is a motion of non-confidence before the house, and while there are before us an amendment and a subamendment, both dealing with financial matters.

I would refer that statement of Mr. Speaker to the hon. member for Hull (Mr. Caron) and to the hon. member for Villeneuve (Mr. Caouette).

The hon. member for Hull.

Mr. Caron: Mr. Speaker, I will try to abide by your ruling, although I find it very hard because in the past—and I have been here since 1953—I never heard anyone interfere with a speech on the Budget or a speech in the Debate in Reply to the Speech from the Throne. I am surprised that I am forced at this time to speak only on the amendment which is before the house, because I have been speaking on the main matter of the Budget itself and have been following the practice established by others. I do not see why I should be stopped on this.

• (9:10 p.m.)

[*Translation*]

Mr. Speaker, the immigrants who came to Canada knew they had to learn either English or French, while we, who have been here from the beginning of the settlement, who were defeated on the Plains of Abraham and have lived near the English for centuries, have understood the necessity of knowing those two essential languages.

That is why I wish to congratulate the Prime Minister for the work he has accomplished in order to give us the opportunity of speaking both languages in Canada. I know it is difficult, that it will take years; but I know that since 1918 there has been talk of additional pay for those who are bilingual but nothing ever came of it.

The Prime Minister told us last week that we would probably have that within a year. I have faith in him as the hon. member for Villeneuve (Mr. Caouette) has faith in the minister, Mr. Sharp, who is the sharpest of all the ministers we have had. I am confident that we will have bilingual people in the civil service. That is why I congratulate him—

Mr. Caouette: The Postmaster General (Mr. Côté) is the worst.

Mr. Caron: The Postmaster General is a good guy; I have nothing to say against him. I admit that he does his work well and I wrote him again today; I hope he will reply.

Mr. Caouette: He is a unilingual who does not believe in bilingualism.

Mr. Caron: He will get used to it just the same. You know, it sometimes happens that a new minister does not accept federal principles, but in the end he falls into the federal mold and accepts everything. That is what he will accept in the end.

Two races must live side by side in our country. That is why those who come from all over the world to settle in Canada—

Mr. Caouette: Once more.

[*English*]

Mr. Deputy Speaker: Order. I must remind the hon. member that his remarks are now outside the amendment before the house.

Mr. Caron: Mr. Speaker, I cannot accept that ruling. What we do—

Mr. Deputy Speaker: Will the hon. member resume his seat, please? I should like to refer again to a statement made by Mr. Speaker with reference to this matter a day or so ago. He said that any attempt to discuss this subject matter on the motion now before the house would be out of order because of irrelevancy. I point out to the hon. member for Hull (Mr. Caron) that the remarks which he is now making are not relevant to the amendment now before the house.

Mr. Caron: I do not accept this ruling. You are looking at it in a narrow way. It has always been the practice in this house for hon. members to speak on any subject they wanted during the Throne Speech debate and the Budget debate. This is what I am doing now. I do not think you have the right to do what you are doing at present. I cannot accept this ruling.

I think we have the right to refer to what has been said in this house, and I intend to go on with it.

[*Translation*]

If both languages are official in this country, we have a right to speak either one anywhere. This is the reason why I state, sir, that I am entitled to act in such a way.

May I say a few words on the National Capital Commission. This body considers kindly the Quebec side for access to the beautiful Gatineau park through the city of Hull. But otherwise, nothing doing.

I recently requested the National Capital Commission for a park development in the national capital region. The MacLaren Company donated a lot measuring 1,000 by 500 feet for a park. I was told experts would be sent to give advice, but no money.

On the Ontario side, however, thousands and millions of dollars are spent; but, for the Quebec side, they are cautious, they are afraid to spend.

I submit that the National Capital Commission should spend as much in Quebec as in Ontario. Those things, which we need, must be maintained. That is why I say that the National Capital Commission is remiss in its duty at present by supplying experts without the necessary funds to renovate and develop the parks we are interested in.

We are proud of our province of Quebec and our city of Hull, just like the town of Lucerne and the neighbouring towns, which are Quebec towns deserving the attention of the National Capital Commission.

We did not get what we wanted. But on the other hand, we saw trucks carrying earth and cement on the Ontario side, because in Ontario, millions mean little. But when it is for the Quebec side, everything is double-checked.

Mr. Speaker, I do not intend to accept this. I claim that the National Capital Commission has an obligation to spend on the Quebec side as much as it spends on the Ontario side. We, in the province of Quebec, must get what we are entitled to. That is why I am asking today that the National Capital Commission should think of us and give us what we are entitled to.

Today, everything has developed, everything has changed. The National Capital Commission should also have changed in order to keep pace with progress. Only the men change within the N.C.C., but the principles remain unchanged. The men have changed, but the principles remain the same. Expenditures are made in Ontario but not in Quebec.

I maintain, Mr. Speaker, that the N.C.C. must assume its responsibilities in the province of Quebec as well as in Ontario. That is why I am asking those whose duty it is to speak to the members of the N.C.C. to go ahead and tell them: Look toward Quebec, you are needed there and you must carry out your obligations.

Mr. Speaker, if we are given advice, Ottawa gives money. That is the main difference. But I believe we are entitled to a small share of this difference. The population is not as large, I admit it, on the Quebec side; we may get a bit less than Ottawa, but we must get some. That is why I ask that this be attended to with special care. The cities of Hull, Gatineau Point, Lucerne and others could benefit from what the National Capital Commission is doing. I would suggest to these gentlemen that they find out the facts before asking for some change or other.

Recently, I heard the member for Outremont-Saint-Jean (Mr. Lamontagne) speak in Quebec of a national capital that would encompass the Ottawa-Hull area. It was reported yesterday in the press that the Minister of Citizenship and Immigration (Mr. Marchand) had said the same thing yesterday, but I was told a while ago that he had not said it, that he had simply answered the press that it was a point of view. I accept his point of view.

But I submit that the former minister, the member for Outremont-Saint-Jean had no right to go to Quebec to speak of a national capital, because it is neither within his responsibilities nor his duties.

The national capital could be a fact, if we knew we would be accepted within the whole of such a national capital. But we do not know. We are not respected. That is why I say that we cannot accept it.

The national capital would be fine if the National Capital Commission were like the commission on bilingualism. But only a few of its people speak French, while the great

majority does not know a single word of French.

I suggest that until we change the way of doing things in the capital, we will be unable to accept it. Moreover, if we asked the people of Ottawa to accept the national capital, they would say no, they cannot accept it because they do not believe in it.

In Quebec, we believe in it even less. The hon. Minister of Citizenship and Immigration the former Secretary of State, now member for Outremont-Saint-Jean, who are important men in the party, should not overwhelm or impress the other members and ministers by insisting on this national system—

[*English*]

• (9:20 p.m.)

Mr. Deputy Speaker: Order. I must advise the hon. member that the time allotted to him has expired.

Some hon. Members: Carry on.

Mr. Deputy Speaker: Order. Does the house give unanimous consent for the hon. member to continue his remarks?

Some hon. Members: No.

Mr. Deputy Speaker: There is not unanimous consent. The hon. member for Prince (Mr. MacDonald).

Mr. David MacDonald (Prince): Mr. Speaker—

Mr. Caron: Mr. Speaker, I admit that some of my time has been taken up by other hon. members and yourself, but I should have had that time to finish my speech.

Mr. Deputy Speaker: I must advise the hon. member for Hull that the time taken by the occupant of the chair and some other members of the house was credited to him, and he has been given sufficient time.

Mr. MacDonald (Prince): Mr. Speaker, I should like at this time to speak on the budget, and in so doing I simply want to turn my attention and the attention of the house to two items which have been particularly noteworthy, at least to those of us in Prince Edward Island, in the past few weeks. Perhaps these items in themselves say something much more significant about the way in which this budget was constructed and the kind of communication which took place not only within cabinet ranks but perhaps between governments.

First and foremost I want to mention what has become now a most notorious item, that of the construction of the Prince Edward Island causeway. It is a strange thing in a way that a project which was in fact described by my own predecessor for the constituency of Prince as a non-political project, as a project that is in fact above politics, has become so political. While it was looked on as perhaps having certain influences in the most recent federal election, there are still some who may be willing to see certain influences on the future provincial election which is being held in the coming months.

I want to look at the project not so much from the political value point of view but from the point of view of its significance to the people of Prince Edward Island, and the way it has received such sorry treatment, particularly at the hands of the present government.

I have here a postcard which tells something about the causeway. On the back of the postcard there is a little poem which I should like to read:

At the Capes in the winter you stand on the shore,
New Brunswick behind, P.E. Island before,
And you long to get over, but how can you cross?
You are stopped by the wind, and the lolly and frost.
But this is to tell you a way has been planned
By which you can pass to the opposite strand,
So don't be discouraged, despondent or blue—
Hold this to the light and you'll see your way through.

Then by holding it up to the light, Mr. Speaker, you can see the causeway on one side and the shores of the two provinces on the other. It is an interesting postcard. The most interesting thing about it is that it was mailed in 1908. When the Prime Minister (Mr. Pearson) said at one point that the Liberal government which had started this project would complete it, I was wondering whether he was thinking of Sir Wilfrid Laurier, because surely this was in his time.

Let me say again that this is not a project that can be the prerogative of any particular party or group. It is a project which is so important that unless every faction in society is in support of it, in full understanding of the dimensions of the project and its significance to the region, it will have in many ways a tragic effect, either in the actual construction of the project or upon its realization.

I was immensely disturbed, as I am sure were many members of this house, not just those from the maritime region and Prince

Edward Island but those from across Canada, at the cavalier fashion in which the Minister of Finance during the course of his budget presentation said that there would be a—

—readjustment of the timetable for the next phase of the Northumberland causeway project in order to minimize the pressures on the peak summertime employment market and maximize winter employment opportunities.

Of course, Mr. Speaker, that statement was the beginning of many editorials, headlines and letters. Eventually a unanimous resolution was passed by the provincial legislature requesting the federal government to reinstate at full flight the construction of this causeway. A strange thing about this business is that it was during the course of the last election campaign that our very dear friend the Minister fo Transport (Mr. Pickersgill), while visiting on Prince Edward Island, said at last there would be no further holdup, that the work would be going ahead, and that the causeway was not a gift to Prince Edward Island. He said it was not an election bribe, perish the thought, but a sound economic investment for all of Canada.

Mr. Pickersgill: Hear, hear.

Mr. MacDonald (Prince): I am glad to see he still supports that view.

Mr. Pickersgill: I certainly do.

Mr. MacDonald (Prince): Then the Secretary of State for External Affairs (Mr. Martin), who I am also pleased to see here this evening, on October 26 in O'Leary, Prince Edward Island, said that one reason for getting it started at once was that this project would do more to stimulate the economic growth of Prince Edward Island than anything since confederation.

These were great and noble statements, yet somehow or other they seem to be in conflict with the things which the Minister of Finance was saying on the night he delivered his budget speech. I would have liked to have been in the corridor and witnessed the first confrontation of the Minister of Transport with the Minister of Finance following delivery of that speech, for I am sure that if he still registered the same enthusiasm as he does at this moment across the floor of the house, then there must have been an animated conversation between them.

What, Mr. Speaker, is the exact situation with regard to the construction of the causeway? When it was introduced we were told by the Minister of Public Works (Mr. McIlraith) that one of the significant things about the constructing of this causeway would be that much of the work would have to take place in the four summer months, for these were the only months in which, from the standpoint of weather alone, such a project could be undertaken.

Hon. members may remember that on February 14 the Minister of Public Works, answering a question of mine which asked what was the expected date of completion of the Prince Edward Island causeway, replied, as reported at page 1148 of *Hansard*:

It is impossible at this early date to forecast accurately when a project of this magnitude and complexity will be completed. However, with maximum progress this project could be completed in late 1970.

It seems that we are being treated to a spectacle wherein one department, for certain economic reasons which do not really apply anyway to Prince Edward Island or the maritime region, is making certain cut-backs, when the minister responsible for this project must realize that a cut-back cannot in fact take place if the project is to be completed on time. So we have been treated to this sorry mess of statement after statement, some in contradiction of the others.

In this connection I want to read what I thought was an excellent editorial in the Friday, April 1 edition of the Charlottetown *Guardian* entitled "Back to Blunderland":

Orbited into the realm of Alice in Wonderland is the "next phase" of our causeway project as it gets casually kicked around at the Mad Hatter's party at Ottawa. It couldn't get underway this winter because—as the Mock Turtle was at pains to point out—it's the kind of job that must be tackled in the spring. The soil, you know; Island clay. It freezes in the winter and that's not good. But in the spring, tra! la! there'll be a burgeoning of all kinds of things, and our sods will just yearn to be lifted.

• (9:30 p.m.)

Comes the spring; but with it the dispiriting news from the White Rabbit that winter is when this work should really be done. Winter's over now and there'll have to be "a readjustment of the timetable". It would never do to start in the spring, or the summer either for that matter. That would be disastrous because there's an employment boom somewhere and if it hits us down here we could all go bust. Next winter, perhaps . . .

"Have some wine," said the March Hare in an encouraging tone to Alice as she sat aghast at this news. Alice looked around the table, but there was nothing on it but tea. "I don't see any wine," she remarked. "There isn't any," said the March Hare primly.

Then Tweedledee butted in to explain why there was really nothing to worry about. It might look that way, but, then again it might not. "Contrariwise, if it was so, it might be; and if it were so, it would be; but as it is, it ain't."

Still Alice couldn't understand, and the Queen came to her assistance. "Around here, you see," she explained, "it takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast."

"Curiouser and curiouser!" thought Alice. She wondered whether they were trying to fool her or whether they were all as cracked as they sounded.

"The rule," said the Queen in a last effort to clear up the matter—"the rule is, jam tomorrow and jam yesterday, but never jam today." When Alice objected that it must come sometimes to "jam today" there was a chorus of protestations. "No! no!" was the shocked reply. "It can't! It's jam every other day. Today isn't any other day, you know."

At this stage the Dormouse, who had taken no part in the discussion and seemed to be falling asleep, gave a snort and cried out: "Oh my fur and whiskers!" That broke up the party, leaving Alice as mystified as ever and wondering—and hoping—if it hadn't all been a bad dream.

I think in the minds of many this would be an accurate description of what is taking place in the terms of the construction of the causeway. I think one of the things we should care about, and one of the things that has never been made clear by anybody is why the causeway is being built at all. That is a fundamental question. It strikes me that there are three answers to this. First of all, under the very terms of confederation itself, there was the realization that the federal authority would have the obligation to establish a permanent link with this province. It is in the construction of the causeway that such realization will be fulfilled.

When we look at the amount of money, $148 million, to be spent on one province which has little over 100,000 people, it seems to be a gift. That is really the point: It is not a gift.

Mr. Pickersgill: Hear, hear.

Mr. MacDonald (Prince): It is economic good business. If anyone will look at the amount of money it has cost throughout the years to operate the present Canadian National Northumberland ferries they will realize that the construction of the causeway is good business, and I am glad to see that the Minister of Transport agrees with me. This has been said far too little. Even if things are left as they are, in order to provide a service to Prince Edward Island the federal authority will spend that much money on us. The fact of the matter is that supporting the ferries is supporting a very uneconomic system. Therefore, the construction of this causeway itself is good business, and will be good business when it is completed.

Further to the construction of this causeway, there is the knowledge, to those of us who are interested in certain kinds of industrial development in Prince Edward Island, that this will make available low cost power, which is something that at this time we do not have available for even minor kinds of processing. I hope for this reason that there will be no delay, no hesitation, no slow down in the means necessary for completion of this important link.

I might mention another matter which relates to the present ferry system, and it is strange how interrelated these two subjects are at this point. I learned by private letter that there was to be an increase in the cost of the fares now being charged to travel on the Canadian National ferries. I learned later through a public announcement, which came through some other leak, that this would be the case. I think it is interesting to note that as it appears, technically there is no increase. What happens, and I have a copy of the fare schedule here, is that the old fare schedules listed the fares both ways. They gave fares one way, and the return fares. If you will look at this one you will not find return fares any more. In fact, the new rates mean an increase in cost of some 25 per cent for a car and driver using the ferry. That is an increase from $3.90 return, to $5.

In itself this may not be particularly serious perhaps to persons who use the ferry casually, or who may only drive over it once in a while to visit relatives. But what it does mean to people who are involved in businesses in which they use this system, is a substantial extra cost. In this regard, one trucker informed me that it would mean $40 per week to him alone. Another told me that it would mean $2,000 a year on his trucking operation. When we are talking about products that must be moved off the island to the mainland, when we come to extra costs to the consumer as well as to the producer, how can we look with equanimity at this planned increase at a time when there is a well known increase in the cost of living.

One man in particular mentioned to me that the bulk of the bread now comes to Prince Edward Island from New Brunswick. He could see that it would be all too necessary for the people bringing this bread into the province to increase the cost. It may be only one cent, but one cent means a great deal to a family with a very low standard of living. I think this is shocking, because this ferry system is not a luxury. We do not have

the option in Prince Edward Island of using other means of transportation; therefore we must use the ferry system as someone else must use a road when it is the only road into his own community.

The fact that this increase was brought about without any forewarning, without any notice being given by the Department of Transport, or the C.N.R., and without notice being given to Prince Edward Island government suggests to me some disinterest, or some lack of concern about the many problems facing the people in Prince Edward Island today.

There is a unanimous resolution in the legislature of Prince Edward Island asking the Minister of Transport if this is not a situation that could be considered in some kind of inquiry, possibly by the Board of Transport Commissioners.

This coming Sunday, May 1, I am told this new system will come into effect. Many things about it frankly amaze me. One of them is this: Now, in the summer, when a tourist is making his pilgrimage to the island, and perhaps hauling his trailer, instead of paying the usual fare he would pay for his car and trailer under the old fare system, a vehicle checker will now run around measuring the lengths of the trailers. According to the length the tourist will pay a certain fee. I do not know whether the people who have set the scale realize how many trailers are hauled back and forth on the ferry system. I am sure that the vehicle checker will have to have a pair of running shoes, and will have to have assistance if he is to carry out this kind of scheme.

Then, the purser himself told me that it takes all the time they have available on a normal crossing to sell all the tickets to people who want to go to the island, or who want to go to the other side. In many cases these are return tickets which have to be issued only once, and not twice. What is going to happen is that everybody will buy a ticket on every trip. There will have to be more staff to handle the greater work load, more pursers and more vehicle checkers, takes all the time they have available on a which, in turn, will mean extra cost. But they are already paying that extra cost. It will put us right back where we are. And causing great inconvenience to the staff of the Canadian National, and to the people of Prince Edward Island.

[Mr. MacDonald (Prince).]

Frankly, these are things I do not understand, and I do not know whether this government has really kept in touch with what is happening beyond the borders of Quebec. I would suggest, from my few remarks, that we reappraise some of the stands being taken, because what I have to say is of interest not only to the central part of the country, but to the whole of this nation.

Mr. Warren Allmand (Notre-Dame-de Grâce): Mr. Speaker, along with other hon. members I want to extend my congratulations to the Minister of Finance for his well prepared and well presented budget. We all appreciate that taxation has never been a popular institution, and that the implementation of tax measures often requires courage and leadership. In presenting this budget the minister has demonstrated both of these qualities.

In his speech the minister has clearly indicated our economic problem, inflation; and he has indicated the means required to combat this problem. He forecasts an economy in which demand is outstripping supply and in which available productive capacity is overtaxed. His remedies are special taxation, curtailed spending and economic incentives. Unfortunately, economic, fiscal and monetary policy is not simple and is not simply explained.

• (9:40 p.m.)

Many citizens still find it difficult to understand how the introduction of a tax may actually lead to a lower cost of living, or why a government would want to tax if it did not want immediately to spend. As a result it is easy for the political demagogue to fool the ordinary citizen for political advantage, to isolate budgetary measures such as taxes and to describe his opponents as heartless and unconcerned. The opposition in this debate have unfortunately been guilty of this misrepresentation and this demagoguery. Instead of responsible criticism they have engaged in personal attacks, as the hon. member for Rosthern (Mr. Nasserden) did this afternoon, and introduced other topics and side issues. While they agree there are inflationary pressures, they would still add fuel to the fire by urging tax reductions and increased expenditures. Though these measures would certainly be desirable in a static or a decreasing economy, they are not advisable in the present situation when we have severe inflationary pressures.

If we are to have continued economic growth in this country which has so much potential growth, there must be direction and control by government. It is recognized that some of the controls and restrictions will be opposed in certain quarters but, Mr. Speaker, I think it is time that our Canadian citizens should have a greater and broader concern than their own personal, corporate, and regional interests; that they begin to realize that economic measures introduced by the government, although often burdensome in the short-run, are necessary for the long-term balanced growth of all Canada.

Mr. Speaker, if I have any criticism of our government's economic policy it is that we are not doing enough in the area of external aid. In saying this I recognize that this government has made great progress in this area during the last three years. But, Mr. Speaker, I feel it is still not enough. Many other countries give a greater percentage of their national production to other countries than we do and many of these have a lower standard of living. Five years ago the United Nations suggested that we increase external aid to 1 per cent of gross national production and I would urge that this is an acceptable goal to strive for. I suggest it would be a great historical tragedy if in this day when we of the western world have the technical means of providing food, clothing and shelter for the whole world, we should fail to do so.

It would be a tragedy if we were to continue to use the great productive processes at our disposal for more and more luxury, pleasure and amusement while two-thirds of the world is hungry and undernourished. If it were possible to convert all the waste in Canada—wasted food, wasted liquor, unused clothing, half-smoked cigarettes and so forth —into external assistance it would amount to a considerable contribution. Although this may seem idealistic, I suggest it might be worth while to consider imposing taxes or penalties on waste or prodigality.

In this respect I should like to congratulate those groups and associations which have supported the Canadian Hunger Foundation which has done so much in this vital area.

Mr. Speaker: Order. It being 9.45 p.m. it is my duty pursuant to Section 5 of standing order 58 to interrupt these proceedings and forthwith put the question on any amendment before the house.

Division

The house divided on the amendment (Mr. Monteith) which was negatived on the following division:

• (9:50 p.m.)

YEAS

Messrs:

Aiken
Alkenbrack
Allard
Asselin (Charlevoix)
Baldwin
Barnett
Bell (Carleton)
Bell (Saint-John-Albert)
Bigg
Bower
Brand
Brewin
Cantelon
Chatterton
Churchill
Clancy
Coates
Code
Danforth
Diefenbaker
Dinsdale
Douglas
Enns
Fane
Flemming
Forbes
Forrestall
Fulton
Gilbert
Grafftey
Grills
Hamilton
Harkness
Herridge
Horner (Acadia)
Horner (The Battlefords)
Howe (Hamilton South)
Howe (Wellington-Huron)
Irvine
Johnston
Keays
Kennedy
Kindt
Knowles
Korchinski
Lambert
Lewis
Loney
MacDonald (Prince)
MacEwan
MacInnis (Mrs.) (Vancouver-Kingsway)
MacLean (Queens)
Macquarrie
MacRae
McCleave
McCutcheon
McKinley
McLelland
McQuaid
Madill
Martin (Timmins)
Mather
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Nugent
Orlikow
Pascoe
Patterson
Peters
Pugh
Rapp
Régimbal
Ricard
Rynard
Saltsman
Scott (Danforth)
Scott (Victoria (Ont.))
Sherman
Simpson
Skoreyko
Southam
Starr
Stefanson
Thomas (Middlesex West)
Thompson
Vincent
Watson (Assiniboia)
Webb
Woolliams—93.

NAYS

Messrs:

Addison
Allmand
Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Béchard
Beer
Benson
Berger
Blouin
Boulanger
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Caouette
Caron
Carter
Cashin
Choquette
Chrétien
Clermont
Côté (Dorchester)
Côté (Longueuil)
Cowan
Crossman
Davis
Deachman
Dionne

Drury	Marchand
Dubé	Martin (Essex East)
Duquet	Matheson
Émard	Mongrain
Éthier	Neveu
Faulkner	O'Keefe
Forest	Olson
Foy	Orange
Gauthier	Otto
Gendron	Pearson
Godin	Pelletier
Goyer	Pennell
Granger	Pepin
Greene	Pickersgill
Groos	Pilon
Guay	Prud'homme
Habel	Richard
Haidasz	Rideout (Mrs.)
Harley	Rinfret
Hopkins	Robichaud
Hymmen	Rochon
Isabelle	Rock
Klein	Roxburgh
Laflamme	Ryan
Laing	Sauvé
Lamontagne	Sharp
Langlois (Chicoutimi)	Simard
Langlois (Mégantic)	Stafford
Laniel	Stewart
Latulippe	Thomas (Maisonneuve-Rosemont)
Laverdière	Tolmie
Leblanc (Laurier)	Tremblay
LeBlanc (Rimouski)	Tucker
Lefebvre	Turner
Legault	Wahn
Lessard	Walker
Lind	Watson (Châteauguay-Huntingdon-Laprairie)
Loiselle	Whelan
Macdonald (Rosedale)	Winters
MacEachen	Yanakis—112.
Mackasey	
McIlraith	
McNulty	

Mr. Speaker: I declare the amendment lost.

Mr. Howard: Mr. Speaker, the Minister of National Defence (Mr. Hellyer) and I were squared off with each other this evening.

• (10:10 p.m.)

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, in accordance with the questions and answers in relation to the business of the house earlier today, the house leaders had a meeting to discuss the matters which were raised, and as a result came to an understanding that we would request the suspension of private members' hour and terminate the budget debate tomorrow.

Then on Monday and Tuesday we will proceed with legislation, and on Wednesday with redistribution.

[Mr. Speaker.]

I would accordingly ask unanimous consent of the house that the following be made an order of the house:

That, notwithstanding the provisions of any standing orders, this house orders that on Friday, April 22, 1966, the hour for private members business shall be suspended and at 5.45 o'clock p.m., unless the debate be previously concluded, Mr. Speaker shall interrupt the proceedings and forthwith put the question on the main motion "That Mr. Speaker do now leave the Chair" for the house to resolve itself into Committee of Ways and Means (Budget), and, if it be decided in the affirmative, the house shall forthwith resolve itself in Committee of Ways and Means.

I might say that there have been certain other understandings about certain speakers. In answer to the inquiry of the right hon. Leader of the Opposition about the business of the house, I should like to bring forward a more precise list tomorrow which would be in better form.

On one of the days we would take the resolution preceding the collective bargaining bill, and on the other day we would take the order respecting the construction of the Canadian National branch line, because they want to get ahead with the actual work on that.

Mr. Starr: What about the Ottawa terminal?

Mr. McIlraith: We should also deal with the measure to provide for the Science Council of Canada, and with the Research Council Act amendment. Then there is that hardy annual Combines Investigation Act. Then, the house would be in committee to provide for the development of commercial fisheries in Canada.

Mr. Starr: List everything.

Mr. McIlraith: We might also look at the first resolution on government orders of the day for today, which was the resolution to amend the Farm Credit Act, to increase the capital. I think that is one that commends itself particularly to farmers.

Mr. Starr: What about the Ottawa terminal bill?

Mr. Speaker: Order, please. Hon. members have heard the proposal put by the hon. Minister of Public Works that there be suspension of private members' hour tomorrow afternoon and also that the question now before the house be put at 5.45 p.m. Is this an order of the house?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

UNIDENTIFIED FLYING OBJECTS—REQUEST FOR INVESTIGATION INTO REPORTS

Mr. William Dean Howe (Hamilton South): Mr. Speaker, shortly before the Easter recess, I raised the question of investigation into the recent sightings of unidentified flying objects in Canada.

Unidentified flying objects have been reported for centuries, from every part of the world, but only after the second war was serious investigation begun. The United States Air Force has conducted such investigations since 1947, with an attitude ranging from objective, careful study to desperate efforts to prove that U.F.O's do not exist.

A great many objects have been reported to the U.S. group. Several can be put down to crackpots or hoaxes, and most have been explained as aircraft, balloons, clouds and lights on clouds, stars and planets, and other naturally occurring phenomena. However, as of this month, 646 sightings remain unidentified. This is a relatively small percentage of the total reports, but still too many to be ignored. It should be remembered that the vast resources of United States government and military agencies have been brought to bear in trying to solve these cases.

A great many of the U.S. reports have come from military and civilian pilots, airport control tower personnel, radar operators, meteorologists and astronomers, all thoroughly trained to watch the sky and to know what they see there.

In several cases, an object has been observed simultaneously by radar operators, ground observers, and jet interceptor pilots. Unless we want to assume that each one of them was having the same hallucination at the same time, these sightings must remain unexplained in terms of natural phenomena.

There have been reports of U.F.O.'s in Canada for years, as there have been in every country. It has been, and still is, customary to subject the reporters of these objects to every sort of ridicule and humiliation. However, I believe that it is long past the point when we can safely assume that every one of these people is drunk, neurotic, or just lying. Most reports come from people of good reputation, whose testimony would be accepted without question under any other circumstances.

• (10:20 p.m.)

I wish to make clear that I do not support either side of the U.F.O issue. There is not enough evidence to conclude that flying saucers exist, but there is too much unexplained evidence to ignore. It is my contention that the Canadian government should direct an appropriate department to conduct a continuing investigation into all reports. I believe a climate should be created in which Canadians can report what they see without fear of ridicule. The conclusions of these investigations should be published regularly. Most sightings can be shown to be naturally caused, but I suspect that even proof of visits from outer space would be more reassuring to the public than Canada's present attitude of ignoring them in hopes that they will go away.

I would like to know, Mr. Speaker, what investigations Canada is now conducting, and what the government's intentions are.

Hon. Leo Cadieux (Associate Minister of National Defence): I cannot answer directly the question which was posed at the end of the hon. member's short speech. I do not personally think there is a co-ordinated effort being made now, but I believe several departments of government are interested in the subject matter referred to by the hon. member.

Speaking for the Department of National Defence, I am sure that our Defence Research Board will be interested in his remarks. It seems to me the National Research Council will also be interested and, to a lesser degree, the Department of Transport. I will do my utmost to have initiated the inquiry requested by the hon. member, and proper consultation developed between the departments concerned. I appreciate the suggestion that regular reporting on these sightings should be made. I will make it a point, at least as far as the Defence Research Board is concerned, to initiate an investigation and I trust this will have the results for which the hon. member is hoping.

AGRICULTURE—CREAM—REQUEST FOR ACKNOWLEDGEMENT OF SUBSIDY APPLICATIONS

Mr. S. J. Korchinski (Mackenzie): I notice that neither the minister nor his parliamentary secretary is present; I would have expected that one or the other would be here to reply to the questions I intend to raise.

Indeed I do not see much point in continuing in their absence. I had thought that the government would at least extend a certain degree of courtesy to a private member who does not have many occasions to raise questions in the house, because of restrictions under the rules.

Mr. Aiken: There is not a minister present at the moment.

Mr. Korchinski: It is obviously the policy of the government to ignore private members. That is perfectly all right with me. I can raise this question at another time. However this is another example of the arrogance of the government. Not having answered the two questions I raised a couple of days ago I would have thought the Minister of Agriculture (Mr. Greene) would have taken advantage of this opportunity to clear the air and indicate to many farmers what is the situation with regard to the supplementary payments which farmers thought they were going to receive.

It is now almost a year since it was suggested that supplementary payments would be made. The government advertised this in different media. According to the Dominion Bureau of Statistics apparently 450,000 farmers were circularized, and both television and radio carried advertising indicating such payments would be made. All farm organizations, co-operatives and 4-H clubs were also so advised. In addition Farm Letter No. 6 was sent out dealing with this matter, a further letter on June 4, and a third one on August 24.

Many farmers have made application for these supplementary payments. Possibly the officials in the Department of Agriculture may have been swamped with applications but, whatever the reason, they did not even acknowledge receipt of applications. Naturally farmers are concerned about what has happened to their applications. Many have written to me, and during the Easter recess a lot of people asked me what was going on in the department. Surely the minister owes it to the farmers to clear the air and I specifically ask, even though the department might be swamped, that it at least acknowledge receipt of applications.

If the department cannot do that then it should indicate the possible final date when farmers may expect payments. I have one case of a farmer who submitted an application on July 24 last year. He wrote again on November 14 but got no reply. He wrote a third time on January 6 of this year, then a fourth time on January 31, and finally he wrote to me.

These people want to know what is happening. They do not have secretaries to write for them. They think the department should have sufficient staff to carry out its obligations. They ask how is it that when it comes to income tax time there is always sufficient staff to deal with forms when the government is collecting money, but when it comes to the question of money being paid to farmers there does not seem to be sufficient staff?

There is no use in the minister's telling us that 130,000 farmers have been paid. There are many more who have not been paid and they want to know if the department has received their applications. They want to know whether they should submit other applications, and how long they should wait. They do not know whether there will be another payment in a few months time. They do not know whether there has been a first or second payment, and I ask the minister for an explanation on this problem.

Mr. Aiken: Mr. Speaker, as a member of the committee that originally set up this system of raising questions on the adjournment motion, I feel in duty bound to rise on a point of order. It is absolutely useless for an hon. member to raise a question at this time when there is neither a minister nor a parliamentary secretary present on the government side to answer the question. At one time this evening there was not one minister or parliamentary secretary in the house.

Mr. Deputy Speaker: Order.

Mr. Aiken: I see one minister has now returned to the house but I could not let this situation go by without commenting on it.

Mr. Deputy Speaker: I should advise the hon. member for Parry Sound-Muskoka (Mr. Aiken) to read the conditions of provisional standing order 39A, particularly that section at the top of page 38 of the provisional standing orders.

Mr. Aiken: I have read it.

Motion agreed to and the house adjourned at 10.32 p.m.

HOUSE OF COMMONS

Friday, April 22, 1966

The house met at 11 a.m.

[*Translation*]

BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS

SECOND REPORT OF STANDING COMMITTEE

Mr. Gérard Pelletier (Hochelaga) presented the second report of the standing committee on broadcasting, films and assistance to the arts.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

[*English*]

CRIMINAL CODE

AMENDMENTS RESPECTING COMMUTATION OF DEATH SENTENCES

On the order:

Introduction of bills. Mr. Choquette—Bill intituled an act to amend the Criminal Code (repeal of power to commute a sentence of death).

Mr. Speaker: The point of order raised by the right hon. Leader of the Opposition is still under consideration, so this bill will stand.

EXTERNAL AFFAIRS

NATO—SPEECH IN COMMITTEE BY EXTERNAL AFFAIRS MINISTER

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wish to direct two questions to the Secretary of State for External Affairs. Has he learned that statements he made in committee, which have not received the approval of parliament, referring to NATO and Canada's intentions in that regard, have aroused great fear and even consternation among NATO nations?

I ask him whether he heard the broadcast this morning from the C.B.C. representative in Bonn, and whether it is the intention of the government to make changes in Canada's NATO relationships. What is the basis for the plan, to which reference was made in that broadcast, for a rotation of troops every two months? Is the minister prepared to make a statement that will restore confidence among our allies in NATO?

Hon. Paul Martin (Secretary of State for External Affairs): I would not agree Mr. Speaker, that there is any necessity for making a statement to restore confidence in Canada's position in NATO. I can say without any equivocation that Canada's NATO colleagues have the fullest confidence in Canada's interest and concern for the integrity and future usefulness of NATO.

I did listen to the broadcast this morning. My statement that Canadian forces were not in Europe for all time I should hope would gather support from my right hon. friend. Of course that statement does not mean that Canadian forces are going to be withdrawn in the near future, nor was there any such implication in the statement.

The absence of a permanent settlement in central Europe requires a strong NATO. NATO's purpose in addition to providing defence is to promote a peaceful settlement. When a settlement is finally achieved—and I do not wish to hold out false hopes for early success—there will no longer be a need for NATO in its present form.

Mr. Diefenbaker: Years hence.

Mr. Martin (Essex East): The right hon. gentleman says "Years hence". That may be so. In the meantime we must do everything we can to promote a peaceful settlement. One might hope that in the long run, with the improvement of the international atmosphere, the United Nations would come to play a larger role in preserving world peace and stability. In that kind of world the substantial deployment of Canadian forces in Europe would no longer be necessary.

Mr. Herridge: Hear, hear.

Mr. Martin (Essex East): In the meantime it is not unreasonable to hope that the Europeans will themselves assume increasing responsibility for the defence of Europe. But that depends largely on developments in Europe. While we are needed, of course, Canada has already clearly indicated that she will not let NATO down.

Mr. Diefenbaker: It is odd that the minister did not think of this when he made the

statement to which reference was made in the broadcast. What was the basis on which anyone with any knowledge of the responsibility which rests on the friends of NATO would suggest that there is to be a rotation of forces every 60 days? What was the statement in that regard?

Mr. Martin (Essex East): I listened to the broadcast this morning, and my recollection is that it said nothing about the suggestion which was made by way of a question put to me by the hon. member for Winnipeg South Centre.

Mr. Diefenbaker: No, he was not concerned in this. It was the minister.

Mr. Martin (Essex East): The broadcast this morning referred to my statement about the limited character of NATO itself and the need for United Nations participation in its operations. With regard to the question the right hon. gentleman has asked, I will state what was said yesterday in the committee.

As has been stated many times, a number of ways of effecting improvements and economies are naturally being examined by the departments concerned as part of the adjustment necessitated by the French government's decision. There are many possibilities, but not all of them will prove practicable and desirable in the light of our responsibilities in the alliance. The suggestions made by the hon. member for Winnipeg South Centre yesterday fall within the area of possibilities that will receive consideration, but I would regard them as extremely unlikely to be implemented.

Mr. H. W. Herridge (Kootenay West): I should like to direct a supplementary question to the Secretary of State for External Affairs. While he is considering this most important matter will he give consideration to the policy of the New Democratic party in this respect?

Mr. Martin (Essex East): No, Mr. Speaker.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I would like to ask the Secretary of State for External Affairs whether the significant changes that have taken place in Europe will induce Canada to advocate appropriate changes in NATO strategy and in Canada's contribution to NATO.

Mr. Martin (Essex East): Well, Mr. Speaker, as my hon. friend well knows, that is the kind of question that cannot be answered on orders of the day. We discussed that question in part yesterday, and we will have a further opportunity to do so when we give it the attention it deserves.

Mr. Diefenbaker: As a supplementary question, just for the benefit of those of us who have not got the latest revised version of the N.D.P. platform in this regard, would the minister let us know what it is?

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I would like to ask the Secretary of State for External Affairs whether, following this change in the structure of NATO and in the event of extra expense being placed on Canada, France has indicated any intention to defray part of this extra expense.

Mr. Martin (Essex East): Well, as I said yesterday in the committee—and I think my hon. friend was present—these matters are now being studied by the French and Canadian governments. No final decisions have been made. Negotiations have not yet begun.

Mr. Langlois (Mégantic): As a further supplementary question, has a final date been set for ending these discussions or is that left open?

Mr. Martin (Essex East): The French government has given a terminal date by which time an endeavour will be made to deal with the questions involved. If we cannot conclude the negotiations by April 1, 1967, I would hope we would be given an extension of time.

CANADIAN CITIZENS REQUESTED TO REPORT FOR U.S. SERVICE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I would like to direct a question to the Prime Minister. In view of the case of Glyn Briscoe of Port Moody, B.C., which has had a good deal of press coverage, and in view of other cases which have come to my attention and that of other hon. members, of persons who appear to be Canadian citizens being called up by the United States authorities to report for selective service, is the government planning to make any statement to clarify the position of Canadian citizens and protect them from any embarrassment in the event that they should visit the United States at any time?

Right Hon. L. B. Pearson (Prime Minister): As my hon. friend knows, Mr. Speaker, we

have given this matter very serious consideration. The Solicitor General, who is particularly concerned with it, is not in the house at the moment, but I should hope he could make a statement on this matter on Monday or Tuesday next.

Mr. Douglas: May I ask the Prime Minister whether he or the Secretary of State for External Affairs is making any representations to the United States in order to clarify the situation; because some of these people, first of all, have been interviewed by F.B.I. agents and, second, have been told that if they should visit the United States at any time they are liable to arrest for failing to report for selective service.

Mr. Pearson: Yes, Mr. Speaker. Instructions have already been sent to our embassy in Washington to make representations based on the case which my hon. friend has mentioned.

INDIAN AFFAIRS

DONATION OF ISLAND FOR EXPO PAVILION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. Can the minister report on the claim by an Iroquois chief that Tekakwitha island, proposed for a permanent Indian pavilion near the site of Expo, was donated without the authority of the Indian council on the Caughnawaga reserve?

Mr. Speaker: Order. This question should be placed on the order paper.

[*Translation*]

AIRPORTS

VAL D'OR, QUE.—INQUIRY AS TO CONSTRUCTION DELAY

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I put a question to the hon. Minister of Transport?

In view of the new policy of the government which consists in postponing developments in Canada, can the hon. Minister tell the house if this new program will affect the construction of an airport at Val d'Or or can he assure me that it will actually be built this year?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I would hope not, but I think it would be prudent for me to make inquiries before giving a final answer.

Inquiries of the Ministry

HIGHWAY SAFETY

RECALL OF DEFECTIVE AND UNSAFE AUTOMOBILES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Industry and is based on the fact that recently the automobile industry in the United States was obliged to recall defective and unsafe cars. Has the industry in Canada given the minister a detailed report on why there have been no recalls for similar models in Canada, and can the minister report to the house on any findings he has had from the industry?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I have not yet had a detailed report, but when one is received I will be glad to make a statement.

Mr. Grafftey: Has the minister or anyone in the government inquired of the industry why these recalls are not being made in Canada? I am not saying they do not have a good excuse, but is anybody asking the industry why these recalls should not be made in Canada when similar recalls have been made in the United States?

Mr. Speaker: Order, please.

Mr. Grafftey: Has any member of the government asked? Yes or no? Has anybody in the government asked the industry why?

Mr. Speaker: Order, please.

[*Translation*]

Mr. Caouette: On a point of order, Mr. Speaker.

[*English*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege.

Mr. Speaker: The right hon. Leader of the Opposition on a point of order.

Mr. Caouette: I am on a point of order.

Mr. Speaker: We can have only one point of order at a time. The right hon. Leader of the Opposition has the floor.

Mr. Caouette: Was I not recognized?

Mr. Speaker: Order, please.

Mr. Diefenbaker: Mr. Speaker, I submit that the hon. member for Brome-Missisquoi

asked a responsible and reasonable question of the government. The minister stated in answer to that question that the matter was under consideration, but he was asked whether any representation has been made by the government to the automobile manufacturers concerning the changes being made in the United States, to preserve the lives of people within this country. Surely there was nothing unreasonable in that question. I submit with the greatest deference that it was a proper question and that the answer is one that Canadians want to know, because of the tremendous massacre which is taking place today on the roads of this country.

Mr. Speaker: Order. The question put by the hon. member for Brome-Missisquoi was of course along the same line as the argument submitted by the right hon. Leader of the Opposition. It was not a question; it was an argument, and this is the reason the Chair could not accept it.

Mr. Diefenbaker: Mr. Speaker, I ask the question. Has any representation been made by the government to the manufacturers asking for the information and the assurance that was referred to by the hon. member for Brome-Missisquoi? There is no argument in that.

Right Hon. L. B. Pearson (Prime Minister): The original question was, has any member of the government made such an inquiry. I will be glad to look into the matter.

Mr. Diefenbaker: Very good. Then we have the answer.

[*Translation*]

Mr. Caouette: Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order. The hon. member for Villeneuve.

Mr. Caouette: On a point of order, Mr. Speaker. For the last several weeks, and I think this is for the information—

[*English*]

Mr. Speaker: Order, please.

[*Translation*]

Mr. Caouette: Mr. Speaker, I rise on a point of order. Following the question asked by the hon. member for Brome-Missisquoi (Mr. Grafftey), I think that this point of order can enlighten the house.

Some people are trying to downgrade the automobile industry in Canada and to play politics with that matter. The hon. member for Brome-Missisquoi is sending up a trial balloon which is clearly and purely political.

The automobile industry is not responsible for accidents; road hogs, somewhat like Conservative members—

Mr. Speaker: Order.

Mr. Caouette: —are to blame for accidents.

Mr. Speaker: Order.

Hon. Marcel Lambert (Edmonton West): That is not a point of order; sit down.

Mr. Speaker: Order. I am convinced that after thinking it over the hon. member for Villeneuve will admit that there is not really any point of order. He submitted an argument which, to a certain extent, answers the one which was put forward by the hon. member for Brome-Missisquoi.

It is obvious that we are moving toward a debate on that matter. The question period is not meant for debate but for asking questions. I feel that there is not any point of order about the matter which the hon. member is bringing up at this time.

Mr. Caouette: Mr. Speaker, I again rise on a point of order. The hon. member for Brome-Missisquoi does not know anything at all about automobiles.

[*English*]

Mr. Grafftey: Mr. Speaker, I rise on a question of personal privilege, the first I have raised in eight years in this house. The hon. member for Villeneuve has raised a point regarding my motives in this issue. I think most members in the house know about my motives. I would say to the hon. member that in so far as he is an automobile dealer, he has a conflict of interest when he gets up and speaks in this house.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please.

Mr. John Addison (York North): Mr. Speaker, I rise on the same point of privilege and say that I have been an automobile dealer for the last 10 years and have no conflict of interest in this respect. The safety of the people of Canada is my concern, just as much as it is the concern of the hon. member on the other side of the house. I should also like to point out to the hon. member—

Mr. Speaker: Order, please. Two questions of privilege have been raised, and I suggest that we return to other matters which might be considered by the house at this time.

[*Translation*]

TRANSPORT

MONTREAL—SHORTAGE OF BOX CARS FOR GRAIN MOVEMENT

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to put a question to the Minister of Transport.

Could the minister tell the house if, following the instructions given to the railways by the board of transport commissioners to the effect that almost all empty cars be sent to western elevators, he has received numerous protests and whether he intends to do something to alleviate the shortage of cars at Montreal elevators?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I cannot accept the premise of the hon. gentleman; therefore it would be impossible to answer the question.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Mr. Joseph P. O'Keefe (St. John's East): Mr. Speaker, my question is addressed to the Prime Minister. Can the Prime Minister inform the house what steps are now being taken to deal effectively with the disastrous situation at Bell Island, which affects over 9,000 people?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, since the announcement was made that the mine would be closing at the end of June, throwing I think 800 or 900 people out of work at Bell Island, the government at once considered this as a matter not only of seriousness but of an emergency character, and has been in touch with the government of Newfoundland, other government agencies and the Atlantic Development Board. I hope to be in a position to give a more detailed reply to my hon. friend on Monday.

HOUSE OF COMMONS

ABSENCE OF MINISTERS AND SECRETARIES DURING ADJOURNMENT DEBATES

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to direct a question to the Prime Minister. Is it now government policy not to have ministers or their parliamentary secretaries present to answer queries that are raised in the ten o'clock adjournment debate? If not, will the Prime Minister impress upon his ministers the necessity to have someone present to answer questions on these occasions?

Right Hon. L. B. Pearson (Prime Minister): So far as I am aware, Mr. Speaker, all ten o'clock questions have been effectively dealt with by the government.

Some hon. Members: Oh, oh.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Not last night. There was no minister or parliamentary secretary here. It was just contempt of parliament.

Mr. Aiken: A supplementary question, Mr. Speaker—

Mr. Speaker: Order, please. The Parliamentary Secretary to the Secretary of State.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, I raise a point of order.

In the same connection, I was here last night to answer a question and the one who raised it was not. This has happened on two occasions in the case of the member for Gaspé (Mr. Keays).

[*English*]

Mr. J. R. Keays (Gaspé): Mr. Speaker, on a point of order, the hon. member for Bonaventure refers to the evening of March 31 when I did not show up for the debate. Could I remind the hon. member that I was not informed, although I probably should have been in the house at six o'clock; but I did not take the advantage which one of his colleagues in the former parliament took, of circulating the same accusation throughout my riding, bearing in mind that this person is at present employed as a public servant—

Mr. Speaker: Order, please.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I had a supplementary question on the same subject. I should like to ask the Prime Minister whether he will arrange in the future to extend to hon. members who raise questions on the adjournment motion the courtesy of seeing that a minister or a parliamentary secretary is here to answer the questions.

Mr. Pearson: Yes, Mr. Speaker.

Mr. Aiken: Last night no one was present to answer the question.

Mr. Pearson: I will do that, Mr. Speaker, and I will also do my best, with the help of members on the other side of the house, to see that when questions are raised the members who raised them will be here, too.

Some hon. Members: Oh, oh.

Mr. Korchinski: A supplementary question, Mr. Speaker—

Mr. Speaker: Order, please. It seems to me this is not a proper discussion. The question was raised by the hon. member for Mackenzie and a reply was given. It seems to me the matter should be considered closed. It is developing into a debate on whether questioners are here to pose questions at ten o'clock and ministers are here to answer the questions posed. The rules are there, and I believe there is no point whatsoever in pursuing the discussion on this matter.

Mr. Korchinski: In reply to my question, Mr. Speaker, the Prime Minister indicated that ministers are always available. I should like to know why the minister was not available last night.

Mr. Speaker: Order, please. The hon. member for Bow River.

SPORTS

FEDERAL SUPPORT FOR APPLICATION FOR OLYMPIC GAMES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I should like to direct a question to the Prime Minister. I wonder if he would advise the house whether any member of his government, any official from the Department of External Affairs or any other official is attending the meeting in Rome of the international committee which is deciding whether Canada should get the winter games at Banff.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I should like to check, but I have been informed that an official from Ottawa and our ambassador are both attending this meeting. I should add, if I may, that the Minister of National Health and Welfare will be in Rome. I believe he is leaving this afternoon, and he will be there also.

BUSINESS OF THE HOUSE

SITTING THIS DAY WITHOUT LUNCHEON ADJOURNMENT

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to ask a question of the government house leader. A situation has developed whereby a number of members who wish to speak in the budget debate will be precluded from doing so because we have agreed to terminate this debate at six o'clock today. In order to give these members, or as many of them as possible, an opportunity to speak I wonder if the government house leader would seek the unanimous consent of the house to sit during the luncheon period.

Hon. G. J. McIlraith (Minister of Public Works): I would be happy to make such a request so there would be an opportunity for hon. members who wish to participate in the debate to do so. I hope they can make their remarks brief. I ask for an order of the house now.

Mr. Speaker: Does the house so order?

Some hon. Members: Agreed.

LABOUR RELATIONS

TRUCKING INDUSTRY—REQUEST FOR IMPLEMENTATION OF 40 HOUR WEEK

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to ask a question of the Parliamentary Secretary to the Minister of Labour, in absence of the minister. I should like to ask whether the government is prepared to introduce an amendment to the 40-hour week legislation so that all those who are engaged in the interprovincial motor transport industry can be covered by this legislation?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): I believe the minister replied adequately to this question on several occasions last week, if the hon. member for Ontario would refer to *Hansard*. In any event I will bring it to his attention when he returns on Monday.

DEFENCE PRODUCTION

CONTRACT FOR REPAIR AND REFIT OF H.M.C.S. "BONAVENTURE"

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I should like to direct a question to the Minister of Industry. Has a formal contract announcement been made regarding the *Bonaventure* repairs? If not, when can we expect this announcement?

Hon. C. M. Drury (Minister of Industry): An announcement has not been made, Mr. Speaker, but I expect it will be shortly.

Mr. Bell (Saint John-Albert): Will the minister check into reliable reports emanating from Halifax this morning as the *Bonaventure* left Halifax with Department of Industry officials aboard, that the estimate will probably go over $8 million?

Mr. Drury: I shall be glad to do so, Mr. Speaker.

HOUSING

REPORTED SHORTAGE OF MORTGAGE MONEY

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Prime Minister a question arising out of a previous question I asked, in connection with the situation created by a lack of National Housing Act mortgage funds. Has he received a unanimous communication from the Ontario members of the National House Builders Association to the effect that they deplore the serious situation, critical to the house building industry, and urging immediate government action to re-establish the available direct N.H.A. mortgage loans in all areas? The Prime Minister said the matter was before the government, and it is one of such urgency that I wondered if he was in a position to answer today.

Right Hon. L. B. Pearson (Prime Minister): I am not in a position to answer today but I appreciate, as my right hon. friend does, that it is a matter of great urgency. It is being treated as such. I hope the minister will be able to make a statement on it at the beginning of the week.

INDUSTRY

AUTO PARTS—REMOVAL OF SALES TAX ON PRODUCTION MACHINERY

On the orders of the day:

Mr. A. D. Hales (Wellington South): I should like to direct a question to the Minister of Finance. In order that Canadian car parts manufacturers may compete more effectively and on a fair basis with their United States counterparts, would he not seriously consider removing the 11 per cent sales tax on production machinery?

Hon. Mitchell Sharp (Minister of Finance): I suggest to the hon. member, Mr. Speaker, that this is a matter that can be discussed during the Budget debate. I shall listen very carefully to representations that may be made. Many have been made already.

Inquiries of the Ministry

EXTERNAL AFFAIRS

VIET NAM—MEETINGS OF INTERNATIONAL CONTROL COMMISSION

On the orders of the day:

Mr. David Lewis (York South): I should like to ask the Secretary of State for External Affairs if he would inform the house whether discussions are still continuing amongst members of the international control commission with a view to a conference seeking peace in Viet Nam, or whether those discussions are now at an end.

Hon. Paul Martin (Secretary of State for External Affairs): The discussions are not at an end. I had one on Wednesday morning.

Mr. Lewis: May I ask a supplementary question. In view of the developments in Viet Nam, can the minister inform us whether any progress has been made since the last time there were such discussions, or are we still at the same impassé with regard to the attitude of Poland in the matter?

Mr. Martin (Essex East): It would be wrong to say that Poland was the obstacle, but I think my hon. friend will understand it is not possible for me to give any details about this matter at this stage.

RHODESIA—REQUEST FOR REPORT ON COMMONWEALTH MEETING

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I should like to ask a question of the Secretary of State for External Affairs which I hope will not be embarrassing. I should like to ask whether he has anything to report with regard to the recent meeting in London of commonwealth representatives concerning Rhodesia.

An hon. Member: Help him up.

Hon. Paul Martin (Secretary of State for External Affairs): I just want to say to the Prime Minister that the reason I hesitated was that yesterday my hon. friend fired a loaded question at me which got me into some trouble, according to the Leader of the Opposition. I have decided from now on—

Mr. Diefenbaker: You need the Prime Minister's help.

Mr. Martin (Essex East): —to pay perhaps even greater attention to questions that might not be intended to be loaded but undoubtedly have that result.

Mr. Pickersgill: The answers are sometimes loaded.

Inquiries of the Ministry

Mr. Martin (Essex East): My hon. friend the Minister of Transport says that sometimes the answers are loaded.

An hon. Member: He ought to know.

Mr. Martin (Essex East): As my friend says, he ought to know. I must bring this litany to an end. There was a meeting of the sanctions committee yesterday, but we have not had a report as yet.

[*Translation*]

AGRICULTURE

QUEBEC—INQUIRY AS TO ARDA PROGRAM

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I direct a question to the Minister of Forestry?

We do not hear very much about the ARDA program being carried out, I believe, throughout Canada at the present time. Is the department going on with its surveys in the province of Quebec? Where are the experts now? Where are the government experts working now?

Hon. Marcel Lambert (Edmonton West): You will see; there is an election in the province.

Mr. Speaker: I would suggest to the hon. member to put his question on the order paper.

Mr. Caouette: Mr. Speaker, I would like to have an answer today and not next week. I would like to know where the experts are now.

Mr. Speaker: If the hon. member wants information, he can always get in touch with the minister concerned, but I do not think his question can be put at the present time.

[*English*]

NATIONAL DEFENCE

ALLOWANCE OF WARTIME SERVICE FOR PENSION PURPOSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Associate Minister of National Defence. My question relates to a matter concerning which certain assurances were given to us when the departmental estimates were before us a few weeks ago. Has the government made a decision to allow wartime service for pension purposes in the case of permanent force personnel?

[Mr. Pickersgill.]

Hon. Léo Cadieux (Associate Minister of National Defence): The department has made a decision and made a recommendation to the government, which I believe is up for consideration now. The appropriate legislation should be before the house very shortly.

PENSIONS

COMMITTEE CONSIDERATION OF PROPOSED INTEGRATION LEGISLATION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): My question is for the Minister of Finance. Will the minister give consideration to referring the bill to integrate the various governmental pension plans into the Canada Pension Plan to a standing committee so representatives of the various civil service organizations may give evidence?

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker. I will not give a definite undertaking that it will be referred, but I shall certainly take the suggestion under consideration.

PRIVILEGE

MR. CÔTÉ, LONGUEUIL—REMARK IN DEBATE BY MEMBER FOR VILLENEUVE

On the orders of the day:

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I rise on a question of personal privilege. I regret that I could not give you notice of my question, because I have just read what I wish to refer to in *Hansard*.

Mr. Starr: Order.

Mr. Côté (Longueuil): During the budget debate the hon. member for Hull (Mr. Caron) was making a speech, and he was interrupted by the hon. member for Villeneuve (Mr. Caouette).

Mr. Speaker: Order, please. If there is a question of privilege arising out of something that happened yesterday I suggest to the minister that even though he has taken notice of the matter now for the first time, under the rules he still has to give prior notice to the Chair.

Mr. Starr: In writing.

Mr. Speaker: Perhaps if he will do this in writing, according to the rules, it can be brought before the house later.

Mr. Knowles: It could be debated during the lunch hour.

[*Later:*]

Mr. Côté (Longueuil): Mr. Speaker, I rise again on a question of privilege. Last night during the budget debate the hon. member for Hull (Mr. Caron) made a speech.

Mr. Starr: Order.

Mr. Speaker: Order, please. The minister was kind enough to give the Chair written notice of the question of privilege, but as he knows the rules of parliament require one hour's notice. This is one hour that did not have seven days.

Some hon. Members: Oh, oh.

Hon. Gordon Churchill (Winnipeg South Centre): I rise on a point of order, Mr. Speaker. May I ask respectfully, if *Hansard* does not appear in the hands of hon. members one hour prior to the opening of a sitting, will we not be permitted to raise questions of privilege based on our reading of *Hansard* when we do receive it?

Mr. Speaker: This is of course a very interesting point for hon. members. If we went along with the suggestion of the hon. member it would require every member to immediately get down to work and read the whole of *Hansard* the moment he received it, to make sure that the point of privilege could be raised at the first opportunity.

An hon. Member: We should read our own speeches.

Mr. Speaker: I still feel that any time an hon. member takes notice of something he should give one hour's notice. The rules require one hour's notice before any matter such as this may be taken up by the house. The rule is there. It does not make exceptions for matters which may be raised as a result of reading *Hansard*. I suggest that the rule should be followed in this also.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Would it not be possible, because of the understandable desire of the minister to place this matter before the house, for the house to give unanimous consent to his doing so?

Mr. Speaker: If that is agreeable the Chair will be very pleased to hear the question of privilege.

Mr. Côté (Longueuil): I thank hon. members of the house. To me this is an important question of privilege. While the hon. member for Hull was dealing with the subject of bilingualism the hon. member for Villeneuve said the Postmaster General was the worst. Then the hon. member for Hull said, "the Postmaster General was a good guy", and I agree with that. The hon. member for Villeneuve came back and said, "He is a unilingual who does not believe in bilingualism". My question of privilege is based on the fact that I believe in bilingualism. I speak and understand English quite well, and I am trying very hard to improve my French.

Some hon. Members: Hear, hear.

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Associate Minister of National Defence, in order to take some of the burden away from the Secretary of State for External Affairs. My question is this. Is mobile command sufficiently integrated to provide from its static headquarters for a more rapid rotation of troops in Europe, in order to demonstrate the mobility of our Canadian forces and to gain experience in so doing?

An hon. Member: That is a loaded question.

Mr. Speaker: Order.

SPORTS

PAN AMERICAN GAMES—POSSIBLE VISIT BY QUEEN

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is addressed to the Prime Minister. In view of the fact that the Pan American Games Society would like to have Her Majesty the Queen visit Winnipeg for the games, can the right hon. gentleman say now where negotiations stand with respect to a possible visit to Canada by Her Majesty next summer?

Right Hon. L. B. Pearson (Prime Minister): I have already indicated to the house that we expect and hope that Her Majesty will pay a visit to Canada during centennial year. The details of that visit have not yet been worked out.

INDIAN AFFAIRS

TAHSIS, B.C.—REPORTED THREAT BY MAGISTRATE

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I have a question for the Minister of Northern Affairs and National Resources. I would ask the minister whether he would look into a

published report that a magistrate in Tahsis, British Columbia, has threatened to place the entire membership of an Indian band on the interdicted list. In his capacity as Superintendent of Indian Affairs, if this action has taken place will he make the strongest possible representations to the Attorney General of British Columbia against this discrimination and infringement of individual rights?

Mr. Speaker: Order, please. The minister I am sure has noted the representation made by the hon. member for Comox-Alberni.

NATIONAL PARKS

SASKATCHEWAN—INQUIRY AS TO SECOND PARK

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources, prompted by the many urgent representations I have received from various persons in Saskatchewan.

Now that the first anniversary of his announcement of a second national park for Saskatchewan has rolled around, can the minister say where this park is to be located and when its developement will commence?

Mr. Speaker: Order, please. That question should be placed on the order paper.

AGRICULTURE

INQUIRY AS TO REQUIREMENTS FOR FARM WORKERS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to direct a question to the Minister of Agriculture arising out of a statement made yesterday by the Minister of Citizenship and Immigration. May I ask the minister if the government, or his department, has looked into the problem respecting agricultural workers, and is he satisfied that all requirements for these workers can be met by Canadians, other than in southwestern Ontario?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, my department is continually looking into this problem and discussing it with various provincial officials and other provincial authorities. If we do find that in other areas they require workers from outside Canada, and if these needs can be met by a supply of workers from outside Canada, we would be prepared to look into any individual problem at any time.

REQUEST FOR CONSIDERATION OF TRESPASSING PROBLEM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of Agriculture. I know the question of trespassing comes under provincial jurisdiction, but I am asking this question at the request of some quite important organizations in this country. The point I raise has caused a great deal of trouble across Canada in the various provinces.

Would the minister place this question on the agenda of the next meeting of the dominion-provincial agricultural conference so it could be discussed with a view to finally evolving some formula to provide better relationships between farmers and hunters, who usually trespass?

Mr. Speaker: Order. The representations made by the hon. member have been noted by the minister, and if the hon. member thinks a reply to this question is required that could be obtained by putting the question on the order paper.

HOUSE OF COMMONS

REPORTED SPEECH BY MINISTER WITHOUT PORTFOLIO

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): I should like to direct a question to the Prime Minister and ask him whether the contents of the speech by the Minister without Portfolio on April 20, as reported in yesterday's press, with regard to what goes on in parliament, the attitude of the members, their thinking and so on, represent the views of the government, as expressed by the minister?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I noticed a report in the press about the speech in question. To me it sounded like a very interesting speech, and I have asked the hon. minister to give me a copy of it.

Mr. Diefenbaker: Would he table it so we could all see it?

[*Translation*]

TRADE

EFFECT OF POSSIBLE U.K. ENTRY INTO COMMON MARKET

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs, and my question is not dangerous.

In view of the instructions contained in the Speech from the Throne prepared by the Labour government regarding the entry of the United Kingdom into the Common Market, could the minister tell the house whether he has recently received any communication in this connection or whether he is having any discussion with the London government, or its representative, on the conditions of entry and on the implications, advantages and disadvantages for Canada and other Commonwealth countries?

Mr. Speaker: The hon. member's question is very general in nature and unacceptable in its present form.

[*English*]

NATIONAL SECURITY

INQUIRY AS TO ESTABLISHMENT OF JUDICIAL INQUIRY

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is directed to the Prime Minister. I wonder whether the Prime Minister could inform the house when he expects to set up the special inquiry on security about which we have been so concerned?

Right Hon. L. B. Pearson (Prime Minister): At the moment, Mr. Speaker, consideration is being given to the terms of reference and the personnel of such inquiry. I hope there will be an announcement about this shortly.

AIR TRANSPORT

REPRESENTATION AT U.S. HEARING ON TRANSATLANTIC CORRIDORS

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I would like to direct a question to the Minister of Transport. I regret that I have not been able to give him notice of it. Perhaps he can take my question as notice if he is not now in a position to answer it. Has his department an observer present at the U.S. federal aviation agency hearings which I believe are taking place at the present time, regarding safety measures on transatlantic flights.

I ask this in light of the views of the International Federation of Air Line Pilots Associations that the minimum allowed spacing between jets on transatlantic flights is not adequate for safety.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I know that the proceedings in question are being very closely followed by the officials of my department. Whether an official of my department is there as an observer I shall have to inquire about. We are all deeply concerned about this matter.

May I be permitted to say that we appreciate the great public apprehension that has been caused about this matter, and we are pursuing every aspect of it just as thoroughly as we can. I am sure all hon. members realize that the Canadian air lines would be very concerned indeed if they felt they were doing anything that would endanger the safety of the passengers on transatlantic flights.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, April 21, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): Mr. Speaker, I have followed with interest the presentation of the budget by the Minister of Finance and the debate which has ensued. Taking into account the varied group ideologies of this house, it seems to me just about every aspect of its impact has been explored.

It is now apparent the budget attempts to do too many things in too many different ways, and that the end product may well have a sort of gigantic cancelling out effect. The temperatures in the economically overheated areas, where the minister apparently wishes to lower the fever, probably will not respond to the too bland treatment, and areas such as Nova Scotia beset by economic chills, may slip into a deep freeze. The classic monetary policy of tight money which is being and presumably is to be applied as an anti-inflationary move does not lend itself to selective regional application. It will impinge on the frailer economic zones as a chilling frost. Fiscal policies of hold-back and stretch out of government capital expenditures and/or grants hit areas of weaker economy disproportionately hard.

The Minister of Finance offers the country a deficit budget which is inherently inflationary. But he apparently implies that because the deficit contemplated is less than that envisaged in last year's budget, the present budget is therefore corrective of the threatened inflationary spiral and the consequent acceleration of the rise in the cost of living.

What I do not find in either the budget, the estimates or the minister's remarks is a hard undertaking that selective fiscal moves are assured to assuage the deflationary effects the over-all policies will have in areas such as the maritime provinces. I do not have to labour the point of the undesirability of weakening an already relatively fragile economy. Dr. Deutsch, in the second annual report of the Economic Council of Canada, has stressed adequately the essentiality of ironing out regional economic disparities in order to avoid the perpetuation of a series of poverty pockets.

I believe the government could well take a page from President Johnson's book and note that, confronted as he is with every problem we face in Canada and more, he has not lost sight of the need to apply corrective measures in the solution of the problem of Appalachia, a situation parallel in many ways to the one Canada has in her Atlantic provinces.

Like most hon. members, I suppose, I took advantage of the Easter recess to visit broadly across my constituency. I was tremendously impressed with the consternation almost universally expressed by my constituents. This consternation stemmed from their conviction and fear that the budget presaged the administration of remedies calculated to counteract an illness not affecting their area, one which is certainly not affected by an overheated economy.

Shelburne-Yarmouth-Clare, the constituency I have the honour to represent, embraces the western end of our province and constitutes one of its areas of relatively low personal income, little industrial development and a disproportionally high percentage of the population aged 60 and older. Fishing, fish processing, wooden ship and boat building, the tourist industry, the ancillary service industries and the retail trade provide the bulk of employment. There is only one sizable manufacturing plant in the area, a cotton mill employing about 500 people.

A 1965 study of Yarmouth's economy, subtitled "A Preliminary Socio-Economic Assessment" by a group of four professors from the departments of economics, education and commerce of Acadia University points out that during the 1951-1961 period the natural increase in population, the excess of births over deaths, was 3,249. The census reports, however, show the population increased only by 592. The Acadia group makes special note that—

—there exists a marked similarity between the structure of society and the economic problem experienced (in Yarmouth county) in the adjacent counties of Shelburne, and Digby of which latter, Clare is a municipal unit.

• (12:00 noon)

This all adds up to the fact that the constituency as a whole has a high proportion of elderly folk, most of whom live on small fixed incomes, are peculiarly vulnerable to rising living costs, and can easily be forced back on the municipalities for support. It also adds up to another load on the municipalities—the burden of educating the youth of the area who, in very high proportion, move away, as indicated by the static population, just as they are about to become productive. To provide good educational facilities and retain high quality teachers in competition with more prosperous sections of the province already extends to the limit municipal financial resources deriving from a narrow tax base.

During the past ten years it is true that Nova Scotia and Shelburne-Yarmouth-Clare have moved ahead notably, but as a province and as an area within a province they are insufficiently robust to withstand a prescription of fiscal sedation. I conceive Nova Scotia, Mr. Speaker, to be the great wharf of Canada and it seems to me that its potentials as such have yet to be exploited. For example, there is something incongruous in the fact that Canada, one of the greatest per capita exporting countries in the world, has a seagoing merchant marine one-twelfth the size of small, landlocked Switzerland. What would Russia give to have fine, ice-free harbours such as Shelburne and Yarmouth? With coal reserves, the possibility of hydro power, and perhaps even offshore deposits of oil and gas, I say the day can come when Nova Scotia and areas such as Shelburne-Yarmouth-Clare can broaden their economic base and raise their prosperity level to the national plane.

In my immediately foregoing remarks, Mr. Speaker, I have given myself the liberty of stroking with a pretty broad brush and treating of a future considerably beyond the purview of this year's budget. However, I have done this deliberately in order to justify, by demonstrating potentialities for future self-reliance, the immediate things that the government should consider this year instead of a Mother Hubbard application of tight money

and construction holdbacks. In areas, and there are probably many of them in Canada, where the economy is relatively low I contend all such strengths as exist at present should be fortified to offset as much as possible the debilitating effects I foresee in the Budget introduced by the Minister of Finance (Mr. Sharp).

To continue with my constituency as a sort of case history, Mr. Speaker, I say that the infrastructural needs such as wharves, dredging operations and other facilities calculated to fortify and strengthen the fishing industry should be met. Additionally, projects fomenting the regionally very important tourist industry should be prosecuted vigorously. The growth of our fishing fleet, both in respect of numbers and size of the fishing units makes once adequate structures inadequate and has brought about a need for additional shore installations. Interest in large scale operations involving fish processing plants with heavy fresh water requirements can be encouraged by governmental assistance in providing water supplies to towns and areas unable to afford such installations but which otherwise are attractive sites for such plants and other secondary industrial enterprises.

The tourist business is another place where federal assistance on an increased scale could do much to mitigate the over-all depressant effect of the Budget in areas such as Shelburne-Yarmouth-Clare. In this connection I should like to mention the new national park in Nova Scotia, originally known as the western Nova Scotia park but now known as the Kejimkujik national park, I presume because it was not extended into western Nova Scotia, the point of entry for tourists from the United States by sea and air. This park should be enlarged to cover a portion of the existing contiguous Tobeatic game sanctuary which lies in parts of Digby, Yarmouth and Shelburne counties.

Access roads, on the basis of the roads to resources idea, should be built into the park from the towns of Shelburne, Yarmouth and Digby. Federal assistance along these lines would greatly stimulate the tourist trade and further, by providing easy access to fine recreational facilities, make the towns of the constituency more attractive sites for secondary industry so vitally needed to broaden the economic base. Full development of the tourist industry demands adequate travel facilities and I am disappointed to find the government lethargic in seeing that improvement is made along these lines.

It is my understanding that improvement to the Yarmouth airport to bring it up to high standards as befits an entry point for increased tourist travel from the United States is scheduled for 1970. The provision of modern aircraft of the D-9 type for the United States-western Nova Soctia service is also currently postponed in programming until 1970. Far from postponement these are moves that should be implemented at the earliest possible date.

The second ferry service from the United Stated to western Nova Scotia, a must both from a tourism point of view and to facilitate the export of the products of our fisheries, seems to be experiencing an extremely long period of gestation. The delay in getting this facility under way impedes the full development of our role as Canada's ocean playground. When I point out that tourism brought into Nova Scotia some $58 million in 1965 and the total landed value of our fish catch in the same year amounted to $48 million, perspective is given to the potentialities of the former activity.

The short term program of aid on the part of the federal government for a low economic temperature area in a low temperature economic zone which I have outlined, with appropriate changes to suit specific circumstances, I submit should be a government policy under this Budget in all such like areas and zones in the country. I would hope the government will see to it that through its departments and agencies such a policy is implemented.

It is no more than an investment against the danger of areas of income disparity being pushed below such levels as to demand future expenditures of a handout nature vastly exceeding in cost the more positive approach of providing now the means of more productivity and the road to national economic parity.

Mr. John Gilbert (Broadview): Mr. Speaker, I must say that a new member experiences some amusement in hearing a government supporter speak praisingly of the Budget presented by the Minister of Finance (Mr. Sharp) and pat him on the back only to be followed by a member from the opposition parties, speaking in condemnation of the Budget and kicking the Minister of Finance in the lower part of the body. Probably the truth lies somewhere between the praise and the condemnation. There can be little doubt that the Canadian economy is in quite a different position from what it has been for

some time. When one reads that we have just finished our second year in which the gross national product grew by over nine per cent in terms of current dollars, that is, without taking into account increases in prices of goods and services, and that in each of the years 1964 and 1965 the gross national product, after the effect of price changes on the physical output of goods and services was removed, still rose 6 per cent, most Canadians would be pleased with the steady rate of growth of our economy.

• (12:10 p.m.)

With the increased growth in the economy the unemployment rate has been reduced from about 5½ per cent two years previously to 3½ per cent today. The unemployment fiures indicate that today there are about 350,000 unemployed.

Along with this general increase in prosperity for Canadians price rises unfortunately began to accelerate. Two years ago the rate of inflation in price increases was 2 per cent a year. Last year it rose to 3 per cent and now it is 4 per cent. These increases have not been equal for all commodities, however, and the greatest increase was found in food prices which increased 6 per cent.

Wages, however, did not rise at dangerous rates in the past year. Average hourly wages in manufacturing rose just over 4 per cent. Had the productivity performance been better this would not have been inflationary at all. In the construction industry, however, there were definite wage cost pressures. For the past 12 month period available, November, 1964 to November, 1965, construction wages rose 10 per cent.

This, of course, is directly related to the present boom in the construction industry and the widespread shortage of many skilled tradesmen. The building boom has been created by the increase in residential building, particularly in the apartment field, and in business generally associated with the rapid growth in the economy in the past few years, but also by the centennial projects and Expo '67.

Looking back one can reasonably state that the economy is very healthy indeed but with the caution that price pressures and some bottlenecks are developing, particularly in the construction field. Unemployment has fallen sharply in Canada but it still has a long way to go to achieve the position of no unemployment.

[Mr. Gilbert.]

The question arises as to what is the outlook for 1966. According to the government's forecast in the Budget speech, real output of goods and services cannot be expected to rise by more than about 5 per cent this year compared with 6 per cent in the last two years. Its reason for the reduction is that most of the slack in the economy has been taken up and future increases in the economy can only come from new resources, both natural and human, being brought into productive use.

The obvious question arises: If there are still 350,000 people unemployed, how can it be said there is no slack in the economy? The quick answer is that the unemployed are now largely unskilled or have skills not presently in demand while the shortages are in skilled labour in other fields. This situation can to a large extent be blamed on the government not having taken effective action in the manpower field. The Economic Council of Canada in its first annual review suggested that with an average rate of growth of 5½ per cent in the economy and with price rises kept down to 2 per cent, unemployment in Canada should be able to be reduced to 3 per cent. However, in spite of growth higher than what was targeted for by the Economic Council, unemployment is not being reduced as much as it should be and the effects of high demand are higher prices rather than less unemployment at present. Unfortunately this situation cannot be changed overnight or by a single Budget. It can only be met by the government instituting effective manpower policies involving training and retraining, mobility assistance by grants rather than loans and effective placement and research services as suggested by the Economic Council.

In the meantime the object of the Budget is to nudge the economy down very slightly about 1 per cent of the gross national product. This Budget must be criticized not so much for its aggregate effect on the economy in the forthcoming year but rather for the make-up of the Budget from the point of view of (a) the fairness of its provisions, (b) the shaping of the country in the future and (c) its effects on productivity.

Some of my colleagues have dealt with various aspects of the Budget and have pressed for a prices review board, an adequate manpower program, full medicare and an immediate commencement of the Canada Development Corporation to take care of

some of the problems confronting Canadians today.

I should like to direct my mind to the effect of the Budget on the construction industry and in particular the housing problems facing Canada today. In doing so, Mr. Speaker, I would ask you to note that the keynote of the message of the Minister of Finance is restraint on increases in spending rather than stimulus. His objective is a steady and sustained growth in our economy, and he warns that if we do not by one means or another moderate the increase in aggregate expenditures the most immediate penalty we shall suffer is an inflationary increase in prices.

On page 3379 of *Hansard* in his Budget address on March 29 he states:

> As a practical matter in our society this danger cannot be avoided by trying to regulate prices and wages. We must deal with the basic issue which is at the present time an excess of spending power over what is available to meet demands. It is this excess which causes rising prices, costs and profits and which harms those in our society whose economic power and bargaining position are weak.

Most of the measures introduced by the Minister of Finance suggest that in his opinion demand is the trouble. So the cure is to take away money from business and those citizens who have some discretionary spending power. This will reduce the demand for capital goods such as machinery and new buildings and for consumer goods. This seems an odd way to deal with the economy in which one of the obvious problems is an acute shortage of money by many Canadians.

When one remembers there are 350,000 unemployed in Canada and that according to the 1961 census some 23 per cent of Canadian families had an income of less than $3,000 a year and some 700,000 Canadians had an income of less than $1,500 a year, or in other words 25 per cent or about four million Canadians live below the poverty line, one wonders where the surplus of money is. However, the government is determined to exercise restraint in many sectors and amongst its restraint measures it has pledged to cut back its own proposed construction program by some 10 per cent and has asked the provinces and municipalities also to take a serious look at their plans. What is the effect of this measure?

In the past two years the construction industry has pushed ahead at a very great rate. Investment has been high in all phases of the economy, for homes, apartment buildings, schools and recreational centres, plants, factories and office buildings. The forecasts for the coming year show that the boom is likely to continue. Added to these natural causes are the many projects associated with the centennial of confederation celebrations and Expo '67. Not surprisingly this surge forward has resulted in sharp rises in construction costs and some corrective action became necessary. However, it is the method by which the government did it which we in the New Democratic Party question.

The major emphasis in the 10 per cent cut-back in federal construction plans is in the public sector. In the private investment field the government has taken some action to slow down the boom, but the fact remains that public and social capital are being cut back more rapidly than is private capital. The government is apparently giving a higher priority to the production of private capital than to the creation of social construction. Although both private and social capital are needed in our economy, the weight of evidence as brought forward by the second annual review of the Economic Council of Canada is that social capital in many fields probably in the long run leads to higher productivity within the economy than does investment in private capital. It is the problem of productivity that is becoming the most crucial in our economy, and its slow growth is one of the major causes of the general rise in prices.

• (12:20 p.m.)

Productivity can be raised by better education. Productivity can be raised by new processes developed through basic research. The government should carefully reflect on its priorities in this field. It should make certain that the genuine needs for social capital in this country are not sacrificed to short run private advantage and profit. Unfortunately the Budget proposes cutting federal government construction by 10 per cent; yet the anticipated cut-back in construction in the private sector as a result of the budgetary proposals is only anticipated to be between 3 and 4 per cent.

What is the present state of housing today? The Minister of Labour (Mr. Nicholson), who is in charge of housing, stated in Toronto in December, 1964:

> For all the talk about what we intend to do, for all our efforts, nearly 100,000 Canadian families live every waking moment of their lives under housing conditions that are really appalling—a disgrace to the communities in which they reside. The same 100,000 families cannot find other accommodation on the open market at rents they can

afford to pay, and 20 per cent of all our occupied dwellings have very primitive bathing and toilet facilities. This, I suggest, is real poverty.

And quite apart from the despair and degradation of blight and decay, these neglected areas impose an unnecessary drain on the civic economy. Municipal services and other facilities cost more to provide, while assessments must decline. The extra overhead is subsidized by the taxpayers of the entire municipality—assessments must be increased in good areas to offset diminishing tax revenues in the run-down neighbourhoods.

Mr. Speaker, you would agree with me that this is not a bright picture. In the 1965 annual report by the president of Central Mortgage and Housing Corporation he stated that residential construction increased in 1965 but the increase was small compared with gains of previous years. It reflected a high level of housing starts in the first half of the year followed by a decline which almost completely offset the early gain. He claims that the fall was attributable to the shortage of mortgage funds as a result of a heavy demand for investment funds for other purposes. Housing starts for 1965 were 166,565 units compared with 165,658 for 1964, an increase of .5 per cent compared with 11.5 per cent in 1964 and 14.2 per cent in 1963.

The cost of houses financed under the National Housing Act increased in 1965 as it had in each year since 1961. This was largely because of rising prices for materials and rising construction wage rates and to some extent because of larger houses. These factors, together with supplementary costs such as legal fees, combined to raise the average cost of N.H.A. financed houses to $17,402 in 1965 from $16,478 the previous year.

He said that the characteristics of persons buying N.H.A. homes remained relatively unchanged from the previous year. The average borrower's income was $6,655; he was 35 years of age and had two children. He also noted that more than 65 per cent of all housing started in 1965 was financed by conventional mortgage loans by life insurance and trust and loan companies and that N.H.A. loans were increased on single dwellings from $15,600 to $18,000. He stated that the demand for housing remained at a high level throughout the year and if funds had been more plentiful in the latter part of the year 1965 could have ended with another substantial increase in housing starts, particularly in starts of dwelling units.

He also noted that amendments to the National Housing Act which were made in 1964, aimed at elimination of slum and blight areas and to meet the housing needs of the aged and the poor, were finding acceptance and development by provinces and municipalities. We in the New Democratic Party welcome these changes and hope for an increase in the use of these provisions by the provinces and municipalities.

What are the changes needed to have an active housing program to fill the needs of all Canadians? The fundamental problem with regard to Canadian housing policy under the National Housing Act has been the almost exclusive concentration on loans for new houses. Although there is nothing wrong, and indeed much can be said for a federal agency to lend money and ensure mortgages at fair and reasonable interest rates to buyers of new homes, this attacks only one small part of Canada's housing problem. The problem is that only people who are fairly well off can afford to buy new homes even at the N.H.A. mortgage rate, currently 6¾ per cent, which is about 1 per cent below that usually paid for conventional mortgages.

The result of this can clearly be shown by a look at the average income of borrowers under the National Housing Act. The average income of N.H.A. borrowers was $6,375, far above the national average income. Thus those who had most benefited under the National Housing Act were in the higher income brackets, a situation which Professor James Murray, in a study for the Ontario Association of Housing Authorities, called "socialism for the rich and private enterprise for the poor." For the person in the higher-middle income bracket the National Housing Act has been a fair success.

For those in the lower income groups, however, housing policy in Canada has been a total failure. Since public housing plans were started in 1949, a total of only 10,625 public housing units had been completed to the end of 1964. In 1964 C.M.H.C. approved only 790 units in federal-provincial housing projects. This was down from the 989 units approved the year before. But what is the need in Canada? Professor Murray's study estimated that by 1981 the need will be for 1 million low income dwelling units and an additional 1 million units for so-called moderate income persons earning between $3,000 and $4,800 a year. The output to date has not even scratched the surface of the needs for publicly assisted housing in Canada.

In addition, special problems also exist with regard to housing for our elderly people. This group in some cases consists of lower income people. Recent studies indicate that

inadequate provision has been made across Canada for the housing needs of elderly people.

The New Democratic Party suggests the following program for housing in Canada, particularly concentrating on the needs of those in the low and middle income groups for whom private enterprise has failed in the provision of adequate housing:

First, there should be a federal ministry of urban affairs and housing. The present set-up of having housing as an appendage to the Department of Labour is not adequate. This need was also ably stated by the member for St. Paul's (Mr. Wahn) immediately after the last election and serious consideration should be given to this suggestion. Central Mortgage and Housing Corporation would report to the minister in charge of this department. It would have the function of suggesting the over-all housing policy for Canada, spelling out the objectives in legislation to be presented to parliament. The department would also be responsible for financing houses through loans and grants.

The department would be responsible for social, economic, technical and design research into housing and community problems. It would be responsible for co-ordination of the measurement of national housing needs as forwarded by the provinces and the determination of national priorities and programs, again with the necessary consultation with and agreement of the provinces. One would like to see C.M.H.C. taking an active part in implementing the plans set forth by Professor Murray with regard to housing needs determined for the year 1981.

Second, N.H.A. loans must be available to purchasers of existing homes whether they lie within a designated urban renewal area or not. Often people in the lower and middle income groups cannot afford the purchase of new homes but would be able to finance the purchase of older homes if mortgages were available demanding reasonable down payments and bearing low interest rates.

• (12:30 p.m.)

There is a striking example of the above need in my own riding of Toronto Broadview. There is an urban renewal plan development in my area which involves the three levels of government. Many problems have arisen in the first phase of development. The foremost has been the question of compensation to the home owner. The federal government takes the position that it is not responsible because, in the words of the minister, it acts as only the banker or financer of the development. The provincial government refers the problem to the municipal government and in turn the municipal government claims it is bound by the expropriation act which is a provincial statute.

The result has been a failure by all levels of government to recognize a particular problem of urban renewal development programs concerning fair and adequate compensation to these owners. The expropriation act provides compensation only on the market value of these houses at the time of expropriation and does not take into account the compulsory taking or any replacement costs these people suffer.

This has resulted in owners having to pay at least 20 per cent to 25 per cent more than they have been offered for their homes for comparable homes in other areas. Many of these people are elderly and live on fixed incomes, and the necessity of moving and assuming mortgages renders a great hardship on them. Therefore I would ask the Minister of Finance to consult with the Minister of Labour who is in charge of housing and to press for and facilitate necessary changes by the provinces and municipalities to make more adequate compensation on the basis of market value, compulsory taking and replacement costs. Another step in the right direction would be taken if these persons who buy older homes were allowed N.H.A. mortgages at reasonable interest rates. Justice demands this type of treatment.

At this time I might mention also a necessary amendment to the National Housing Act which has been urged by the Ryerson Polytechnical Institute. A letter to me and to my colleagues in this party, dated March 11, 1966,—I am sure the Minister of Finance received a copy because he represents a riding in Toronto—reads as follows:

> The board of governors of Ryerson Polytechnical Institute respectfully request your support to the amendment of the National Housing Act at the earliest possible moment which would permit loans to Ryerson for the purpose of construction of residential facilities. We realize that Ryerson is not alone in this matter and that the amendment would probably include an eligibility for such loans to post-secondary, non-degree granting institutes of which there are several across Canada. At present such institutes do not quality for N.H.A. loans.
>
> Our present enrolment is 4,200 day students. Half of these students come from outside metropolitan Toronto. The availability of suitable private residential facilities is not good and is deteriorating yearly. As you are perhaps aware, the board has recently announced an expansion

program involving an expenditure of approximately $27 million for new instructional and administrative facilities. We are projecting for an increase in enrolment to the 10,000 level within the next five years. Our need is, of course, pressing but is obviously growing at an alarming rate. Both the federal and provincial governments are contributing to this expansion program but our first concern is to provide instructional space. None of the $27 million I referred to will be devoted to residences. The board feels it must now pursue actively the matter of residential facilities.

We have requested the government to make this amendment and have every hope it is receiving favourable consideration. However, we earnestly ask your support and initiative in the early passage of such an amendment. Since you are a member of parliament for metropolitan Toronto, the sons and daughters of your constituents are not as directly concerned about residence facilities as those coming from outside the Toronto area. However, we are taking the liberty of writing to you because Ryerson has assumed such an important role in this province and in this area and because the need is growing at such a rapid rate.

We of the New Democratic Party, Mr. Speaker, ask the government to take immediate steps to bring forth the necessary amendment to meet this very urgent problem, whether it prevails in Toronto or elsewhere.

The third step with regard to housing which we in the New Democratic Party feel is necessary is that the N.H.A. interest rate must be reduced from the current 6¾ per cent. This high interest rate means in effect that people are paying for their houses an amount double that which they originally paid for their homes. The high interest rate also stretches out the period of payment, in some cases to 25 or 30 years, which must be very discouraging to couples buying a home. If they are 40 years of age when they buy it, this means they will be 65 or 70 years of age before the payments are completed. Some purchasers have told me, "I will never live to see the house paid for."

If the Minister of Finance suggests that a reduced rate of interest would be unjust to people who are already paying the higher rates, then I respectfully suggest that all Canadians should be allowed to claim as an expense against their taxable income any mortgage interest payments during the year. In so far as persons paying rent are concerned, they should be allowed 7 per cent of the rent paid during the year. I might say that a bill has been introduced in the state of New York which covers this particular matter. These measures would in some degree relieve the financial hardship experienced by people buying homes or paying the high rents of today.

[Mr. Gilbert.]

I suggest also, Mr. Speaker, that in all N.H.A. mortgages there should be an allowance of approximately $2,000 for the purchase of fixtures, furnishings and appliances by the purchaser. This amount should be included in the N.H.A. loan. As the situation stands today, people buy a new home and then are immediately faced with the necessity of purchasing these new appliances and furnishings and paying very high interest rates to loan companies. This operates as a hardship upon them in keeping up the payments on their home.

Fourth, housing must be made available to persons at a cost of not more than 25 per cent of their income. Rentals for public housing projects must be limited to this figure.

Fifth, public housing projects must be fairly small in size and integrated with the rest of the community. In the United States much of the effort in public housing has been wasted because the projects were made too large and isolated in special areas. This has caused the formation of ghettos for the less fortunate members of the community and will likely hinder the prospects of children coming from such homes being able to move upward on the economic ladder. It is much more egalitarian, much more in keeping with democratic ideals, to keep different sections of the community in communication with each other. Isolating neighbourhoods by income levels is one way of defeating this aim of our society.

Sixth, special emphasis must be given to adequate housing for the elderly. In particular, there needs to be an increase in availability of suitable accommodations for unattached people, that is, widowed, elderly people, at a cost which they can be expected to afford.

Seventh, urban renewal plans must be totally co-ordinated and provision must be made for persons displaced by slum clearance. These persons must be guaranteed good housing at rents they can afford when they are moved out of their present premises. Much new housing for lower income persons must be provided before really serious attempts at slum clearance can bring the type of social progress visualized by the planners.

• (12:40 p.m.)

Eighth, loans for home improvements should be encouraged more than in the past. The 1965 annual report of C.M.H.C. indicates that for the fourth consecutive year there has been a decline. Homes in good repair are the

best defence against blighted areas and also provide an avenue of employment during seasonal lay-offs in some industries.

We in the New Democratic Party, Mr. Speaker, feel that these measures would go a long way to solving Canada's housing needs. The building of homes helps in the building of character and a sense of pride and accomplishment which should be experienced and enjoyed by all Canadians.

[*Translation*]

Mr. Gaston Isabelle (Gatineau): Mr. Speaker, allow me to repeat in this house what has been heard over the last two weeks from all Canadian citizens. The budget tabled a few weeks ago by the Minister of Finance (Mr. Sharp) is the best balanced budget we have had for several years. It did not hold any great surprises, but it did contain a most timely one.

That surprise was the practical application of a principle which everyone and especially the leaders admit *in se,* but that no one had thought of putting into practice. That principle is the one that recognizes the small wage-earners, the economically weak, who make up the greater part of our population.

They are the ones who, in fact, must benefit from social and economic programs and who must pay less for those services. Those who can afford it understand that they must pay more, which is normal, to ensure the survival of those social and economic programs essential in any country. That is at least, Mr. Speaker, the opinion of the people I met in the riding of Gatineau. You know that as a result of studies made recently by ARDA in my riding and neighbouring ones, the riding of Gatineau was judged one of the most in need of help among all the ridings in eastern Canada.

On behalf of my constituents, I wish to thank once again the Minister of Finance for remembering them.

Allow me now to talk about a question which concerns more than one department and which will no doubt be the subject, in the years to come, of controversial and bitter discussions, of more or less partisan stands, but which, I am sure, will go its own way just the same; it is the creation of a federal district including part of the province of Ontario and part of the province of Quebec.

Right away I see people pricking up their ears to better hear those strange ideas and pursing their lips with worry, ready to answer such remarks spitefully. However, let us keep calm and not say more for the moment except that, in principle, I am as much against the creation of such a district if it were to become a reality tomorrow morning. I know that most of the neighbouring cities and municipalities in the federal capital area to be included in the district do not consider very favourably, at the present time at least, that new geographic entity.

Several municipal councils have said publicly, through their mayors, that they are against the project, using various arguments ranging from a loss of autonomy, political intervention, racial drownings, loss of advantages and personal prestige to a host of others. All that is true but we must realize that one of these days we will have to face a very important problem which already hovers like a menacing cloud over our heads in this area.

I am glad to learn that studies are already under way on the Quebec side in this connection and that the value of such a project in the near future will be fully considered.

The establishment of a federal district, both geographically and politically, is premature at the present time, but the question should be put otherwise. Would we be in favour of setting up a federal district on a psychological level, so to speak?

As a member representing a large part of the city of Hull in Gatineau riding and as a representative of the greater part of the country where are located N.C.C. properties on the Quebec side, I would object to the establishment of such a district immediately. But I would not hesitate to foster this idea right now, while postponing its actual, geographical or political implementation until later, in a more or less distant future.

But inasmuch as:

(1) The Quebec side gets its share of federal buildings;

(2) The development of the huge territory of the national capital on the Quebec side is carried out more promptly and the driveways, roads and parks now lying fallow are developed within five years;

(3) An extensive network of schools—an important condition—is built throughout the national capital area, both on the Quebec and on the Ontario side. These would be federal schools restricted to students seeking a career within the civil service. Their schooling standards would be similar and they would be bilingual and bicultural. This would be the

implementation of all suggestions and reforms advocated for a century in our country. The schooling would reach the secondary level.

(4) The construction of two bridges across the Ottawa river at Lemieux island and between Britannia and Deschênes, two strategic locations already recommended by N.C.C. committees, to be carried out simultaneously. This is how I visualize the psychological federal district. This project will influence the future action that the residents of the national capital area will be called upon to approve.

(5) The new capital is to become bilingual in every respect, economically, socially, culturally and administratively.

If the federal district does not come into being in the near future, the N.C.C. is to blame, because it has failed to make the appropriate recommendations to the various departments, especially the Public Works Department to which it is answerable.

Needless to say, it owns land on both sides of the Ottawa river and never advised any Department to put up buildings on the Quebec side.

The duties of the commission are set down in black and white as follows in the 1961 *Canada Year Book*:

> Co-ordination and development of public lands in the national capital region are undertaken by direct planning and construction by the commission's staff; by co-operation with municipalities; by provision of planning aid or financial assistance in municipal projects; and by advising—

And please note this:

> —the Department of Public Works on—

Here is the point.

> —the siting and appearance of all federal government buildings in the 1,800-sq. mile national capital region.

Nothing says that the commission should build on one side more than on the other, and I do not see why the Quebec side should be less developed than the Ontario side. It is part of the national capital region.

Admittedly, the N.C.C. has done much to develop the lands in the national capital region; however, in the light of the above, I hope it will do more and a lot better in future if it wants the Quebec part to participate in this dream already half a century old.

In conclusion, please allow me to say a few words about this region rich in historic past and natural beauty which has inspired poets and writers.

[Mr. Isabelle.]

I could quote scores of authors who have admired the marvels of this area in the Gatineau. But I shall quote only two. The first, Mr. Herbert Marshall, appearing in 1956 before the parliamentary committee charged, as we know, with reviewing the work of the Federal District Commission, as it was then called, whose responsibility it was to implement the National Capital Plan and report thereon:

> Easy access to this magnificent natural area from Ottawa and Hull is a valuable asset not only to the inhabitants of the area but to visitors from near and far. Its natural wild beauty, variety of flora and fauna, picturesque sites, lakes and streams, mountainous terrain, everything contributes to make it a heaven for tourists, campers, skiers and for all those who love untouched nature and all this fills the needs of the calm and appeasing beauty of the Canadian woods.
>
> Here, on the doorstep of the capital, can be seen at its best, spring renewal, teeming birdlife, flowers, wild animals and trees in the summer, the glorious colours of fall, the clean and stimulating whiteness of winter scenes.

And what about my second testimonial, possibly more eloquent than the first, given by Mr. Percy Sparks whose forebears arrived in this area before Colonel By.

> Ten minutes after leaving the parliament buildings, the visitor will cross the Ottawa river and land at the very spot where Philémon Wright, the first white settler, established his colony in 1801. From this spot, he plunged into a wild area of 80,000 acres of wooded mountains, lakes and rivers where life beats in the raw and whose aspect has changed very little since the day Wright first gazed upon it.

Are they not beauty spots of nature which, one of these days, will have to be filled with federal buildings to embellish this unique and enchanting garden located only five minutes from the Canadian parliament buildings? Gréber, who was a geographer and a poet, described also that marvel which is a true reflection of the appearance of the whole country, in its full geographical dimensions, the beautiful area of the federal capital consisting of Quebec and Ontario.

These are some of the reasons which could prompt me to ask the National Capital Commission to make recommendations to the Department of Public Works for the construction of federal buildings on the Quebec side of the national capital. It is not a matter of courtesy but of justice toward the people who have always given their best service to Canada and often under difficult conditions, which there is no need for me to recall here, I mean the French speaking people of the national capital area.

Just think that over a period of ten years, from 1954 to 1964, out of $221 million spent in the Hull area and on the Ontario side, only $9 million were allocated to the Quebec side.

Those are the remarks I wanted to make as my contribution to this debate.

• (12:50 p.m.)

[*English*]

Mr. Jack A. Irvine (London): Mr. Speaker, I should like at this time to say a few words with regard to the Budget and perhaps some other measures of a fiscal character which were not included therein. I will make them as brief as possible because I know there are many other hon. members who wish to speak.

It is my impression that this is a negative Budget. This Budget was conceived in desperation and born in doubt. It is fraught with the prospect of giving birth to a baby Budget at any time. I am sure many people across this country were concerned about the changes in income tax. I think they were alarmed to find that the tax has been increased in the middle and higher income range. I think they were even more alarmed that greater reductions had not been made affecting those in the lower brackets. It seems to me that the dividing line is around $4,000.

In 1965 the previous minister provided for a decrease in income tax amounting to approximately 10 per cent. The increase this year is in the neighborhood of 14 per cent. I know it must have been merely incidental that in the period between came an election.

I have a chart here which contains some interesting figures. It was printed in the London *Free Press* on March 30, 1966. It shows that a single person, with no dependants, receiving $1,300 a year would last year have paid $15 in income tax. This year he will be able to make a great saving. He will pay only $13. This $2 represents approximately half a cent per day. In the $3,000 bracket a married person would have paid $65 last year. This year he will pay $59, a saving of $6. I do not think this sum will go very far in buying the necessities of life, the cost of living being what it is today.

Here is another example. A married person, with two dependants, earning $3,000—and there are many of them throughout this country—would last year have paid $22. This year he will be paying $20, a grand saving of $2. Six out of ten people are paying more money. The other four save $1 or $2 or $5. I contend that this is nothing but an election hoax.

I was concerned, as I know everyone was, that there was no increase made in old age security payments. I wonder why. The Prime Minister (Mr. Pearson) himself is reported to have said during a recent election campaign that he would make available $100 a month or up to $125 where necessary. I presume he meant on the basis of a means test.

The election is now ancient history. The amendment we moved during the debate on the address to increase these payments to $100 was voted down. The Prime Minister himself voted against his own election promise. How can the senior citizens of this country live on $75 a month as many of them are forced to do? The government has raised our salaries. The salary of the Prime Minister has been raised. Why would they forget old age security recipients?

I contend that the acceptance of such an increase would not cost as much as we are led to believe. Ninety per cent of the money involved in the extra $25 per month would, I am sure, go back to the general economy. A large proportion of this amount would find its way back into the federal treasury through different taxes. Many of these people, through no fault of their own, are hard hit by the rising cost of living. Spiralling costs make it almost impossible for them to live with any semblance of dignity. Someone once said there is nothing to fear from the present government while we are in a state of prosperity and nothing for us to hope for when we are in a state of economic distress.

I have here a clipping from today's Ottawa *Journal*. Incidentally, April 22 is an important day because it is the anniversary of the first battle of Ypres. The article reads as follows:

• (1:00 p.m.)

Hundreds of Veterans of the 1st Canadian contingent will gather in Ottawa to pay tribute to their comrades who fell victims to the horrible gas attack, and also to renew acquaintances.

The Prime Minister and his Liberal government should also remember that these surviving members are not only "veterans of war," but that all are now "old age pensioners," many of whom no doubt are feeling the pinch on $75 per month, and no doubt many will ask themselves was the sacrifice really worth it.

With regard to the refundable tax of 5 per cent on corporation profits over $30,000 I should like to ask, is this designed to place a brake on industry and on productivity and, if it is, how is the word "brake" spelled? Is it b-r-e-a-k or b-r-a-k-e? I am sure many firms would use this money for expansion if they

had the opportunity, particularly the newer, growing institutions, and I would think this measure is encouraging them to borrow on the collateral they would receive from this saving at say 7 per cent, though the government is only going to give them 5 per cent on their own money. This could place another 2 per cent handicap on the operation of such businesses. I ask, how long can we continue to tax industry? Do we not by doing so price ourselves out of some very valuable foreign markets?

I would also refer to an item in the Budget dealing with the tax on production machinery and building materials. We are happy to see that the tax on certain production equipment is to be reduced by 6 per cent effective April 1 next year and that it will be entirely wiped out on April 1, 1968. But what about the tax on production machinery? The minister was questioned on this subject today and said he was taking the matter under advisement. I hope he gives it serious thought because it is my opinion that this tax is making it difficult for many Canadian firms to compete in foreign markets.

No intimation has been given that the tax on building materials might be changed, and I wonder why. It is a tax which is directed to everyone. It is a tax on a very sensitive sector of our economy. A young couple who want to build their first home at an approximate value of say $20,000, of which half would be made up of building materials, will pay a penalty of $1,100 for the privilege of buying a stake in our country. This is a great hurdle for them to jump and I ask, why impose such a penalty, particularly on young people?

This tax is daily increasing the cost of building. It is increasing the cost of building factories and manufacturing plants and of retail building. It is reflected in the retail prices of merchandise and it is one of the greatest inflationary pressures we are suffering at present. In my opinion the government is not only condoning this but actually is aiding and abetting it.

I have here another article written by a man well known in this house, Robert W. Needham of the London *Free Press,* dealing with restraints in the budget. He says:

> On the demerit side, it can be argued with validity that it dulls individual incentive and hence could lead to a reduction in productivity—a prime necessity in conquering inflation. It can be contended as well that the taxes of themselves can be inflationary, in this instance by inspiring demands across the board for wage increases.

[Mr. Irvine.]

Mr. Sharp further might be accused of a psychological and political blunder in his tax treatment of individuals as opposed to corporations: the specific charge, discrimination.

The article goes on to say:

> This special levy on corporate earnings will be payable for 18 months and then will be handed back, with interest at the rate of 5 per cent, during the succeeding 18 to 36 months depending upon the state of the economy.
>
> This device is intended to "freeze" a modest portion of business cash profits that otherwise would flow into capital expenditures.
>
> In effect it is a compulsory savings scheme that will result in amassing a fund of $250 million. This will be freed and utilized to stimulate future economic growth.
>
> However, the political if not the economic weakness of these two aspects of Mr. Sharp's program should be apparent. It might be summarized in the question: why tax increases for individuals, but compulsory savings for corporations?...
>
> Mr. Sharp has promised to stand in the wings ready with a "baby budget" of readjustment should the need arise.
>
> It's to be hoped that this will be unnecessary for what it would mean in terms, not of expansion, but of recession.

I should now like to mention one other thing upon which I have received many representations, as also has the minister. I myself have made representations to him. It is with respect to the tax on jewellery. I have here a letter from the large jewellery firm of John A. Nash and Son, London, Ontario, which states:

> The war has been over for 20 years. At that time a special excise tax was put on so-called luxury items. It has since been removed from cars, refrigerators and almost everything but on retail jewellery items.
>
> We all feel—the retail jewellers—that this is a discriminating tax and should be removed.

I would respectfully ask the minister that he give this serious consideration.

I should now like to speak about N.H.A. loans but I will not expand on the subject because several hon. members have already spoken about the difficulty. But I must make strong representations because the difficulty is country-wide. It affects every community, including the riding I have the pleasure of representing. I have here an article from the London *Free Press* of April 15 which reads as follows:

> Finance Minister Mitchell Sharp's crystal ball appears to have been accurate. His brakes on the construction industry arrive at a time when it was reaching high gear, exceeding the record 1965 level by over 12 per cent, and when building trade labour was extended to meet the demand.
>
> Home and apartment builders say that the cost of homes and apartments with sales tax and high priced mortgage money is making housebuilding too costly. Sharp's directives may spread sparse construction workers over the extensive contracts

for industrial and institutional structures which are running far ahead of past years.

Home builders are complaining—and possibly rightly—that residential construction is being used unfairly by governments as means of controlling the economy. It is a field that is most readily reached and doesn't materially affect national productivity like controls on industrial building would, as Mr. Sharp well knows.

In spite of the housing contractors' complaint the forecast for general construction is that the second quarter of 1966 may equal the first quarter. There is some concern that the taxing measures may cut off some of the advance by the third quarter.

I contend that these are discriminatory things. I know the minister does not introduce them with that thought in mind, but I take this opportunity to advance my argument.

Lately we have heard a lot about the high cost of living and I am wondering what is going on in this direction. Why did the minister not see fit to take some action to halt the rapidly spiralling cost of living? During the world war II we had an institution known as the wartime prices and trade board. Perhaps we need a peacetime prices and trade board because somehow we must protect our position as a trading nation. We do not have to read the consumer price index to realize that goods are costing more. Anyone can go to a grocery store and there find that in the last six months such staples as bread, milk and canned goods have gone up 10 per cent in price.

• (1:10 p.m.)

If you go to buy a suit of clothes today, the price has advanced at least 10 per cent compared with what you would have paid for it one year ago. About this time of the day many of us find that we would like to go for our lunch, and within the last month in our own dining room the prices have advanced 20 per cent. The evidence is everywhere. How far can you go without some control? Personally, I would like to make it clear that under normal circumstances I do not favour controls, but for a short time it might be a wise thing. In this way perhaps we could do something about protecting the older people and also maintaining our foreign markets.

These are some of the things which I think must be said today. I am going to close with an item from the Tillsonburg *News* of April 1, 1966. I thought this was a very pointed statement, and I do not say it is pointed because it has to do with a man by the name of Sharp. It says:

Mr. Sharp talks of others curbing their spending but still plans to spend $743 million more than last year, which amounts to $150 million more than he plans to take in, even after increasing taxes and slowing down capital construction projects. One might have expected a little bit more in the way of governmental good example when it comes to belt tightening.

I would close, Mr. Speaker, by saying as I did at the opening of my remarks that it is my impression this Budget was conceived in desperation, born in doubt and is fraught with the prospect of giving birth at any time to a baby Budget. I hope the minister, when he finds that the time has come, will not hesitate to do so. After all, we have to do certain things. One is to check inflation and the second, among many others, is to correct the inequities in the Budget.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I shall take a few minutes, during this Budget debate, to draw the minister's attention to the manner in which some funds are spent in the face of the war on poverty.

I shall not take time to repeat all the fully justified criticisms made by the hon. members who spoke before me. This Budget, as seen by a small businessman, is the funniest and most ridiculous ever produced by financiers. The first paragraph of the official communiqué, for instance, can be brought down to this: We are a highly productive country; the demand is too strong; let us stop producing.

Do you not feel that this is strangely similar to what Mackenzie King used to say: There are too many products; let us throw them into sea or burn them, so that starving children cannot have them.

It is always the great principle of high finance. Destroy the goods to impoverish, burn the food to starve the people, and starve the people to better enslave them.

Yes, Canada has to meet a great challenge, that of a strong demand, with unlimited production capacity. But is too cowardly to meet this challenge, and instead of rolling up its sleeves and getting down to serious business, it would rather sit idly and hold back, like the soldier on the front who, in the face of the oncoming enemy, would rather turn about and run. That is the emblem of the courage shown by the present government.

This shows, once again, how this government sneers at the people, dismissing all its nice promises made during the election of November 8, 1965.

Nothing for old age pensions which he had promised to raise to $100 a month, even $125,

according to some Liberal candidates; nothing for family allowances which should be $25 a month at least; nothing to remove the discriminatory 11 per cent sales tax on building material; nothing for joint programs which the Prime Minister had promised to discontinue, but instead new ones have been established; nothing to solve the thorny question of receipts for charitable donations, except that in the future each presbytery will have to tack up its federal licence above its front door, just like a car owner has to display his licence plates; nothing to raise income tax exemptions to $2,500 for single persons and $5,000 for married couples.

An income tax reduction has been announced for taxpayers with an average or below average income. According to the old Age Security Act, an average income, in the opinion of the government, is $2,200 a year for a married couple; in other words, income tax is reduced in the case of persons not earning enough. How ridiculous can you get? After these so-called reductions, the minister candidly announced that he will get from the average workers a surplus of about $120 million a year. Is that enough for you, the small fellows? But do not touch the big fellows. For example, the tax on heavy production machinery and equipment will be reduced to 10 per cent. This is much more urgent than reducing the tax on building materials, because it directly affects the large companies which are so helpful at election time.

And most amazing of all, the minister announces that, probably to reduce unemployment and encourage labour—this must delight the future minister of manpower (Mr. Marchand)—he will reduce his 1966-67 construction program by 10 per cent. In addition, he promises not to launch any other program.

No wonder the future minister of manpower is thinking of bringing Jamaicans to allow our unemployed to stick to their trade for ever.

• (1:20 p.m.)

Again this morning I read about another decision taken by the government. The Minister of Labour (Mr. Nicholson) was announcing that the $500 premium granted toward the building of family housing during the winter would be abolished shortly.

It means that the new policy of the Minister of Finance (Mr. Sharp) is to deprive those who do not have enough to live. That is the logic of the present government. Besides, it is an economic logic which goes extraordinarily well with its monetary system based on indebtedness.

I read on page 6 of the official press release that 19 per cent of the whole budget will go for National Defence in order to pay soldiers to travel to various foreign countries, when we do not even have the competent people we need to protect us against criminals, fraudulent bankruptcies and narcotics. It will cost the Canadian citizens 14 per cent only to pay the interest on our national debt, that is on the credit which the Bank of Canada should have issued and which we had to borrow so as to steal more from the people. We will pay 11 per cent for transportation and communications, whereas the Canadian Pacific will make a net profit of $67 million at the expense of our crown corporation. Then, I wonder when such extravagance will stop and how much longer it will take the people to wake up?

And who pays for all those mistakes? For all those schemes? For so much incompetence? The Canadian people.

Are you sceptical? Read page 5 of the same press release.

What is done in the field of personal income tax, that is all the workers whose permission is no longer asked but from whom the state collects the tax directly on their gross salary, as soon as they start to work, and even before they have had time to put bread on the table at home? How do you call that if not a state dictatorship? The state first, and let the people die. We have gone that far; 28.5 per cent of the whole budget is thus taken from the small wage earners.

And what about the sales tax which again affects the majority of the working people and which makes up 18 per cent of the budget.

That means, therefore, that the small wage earner pays over 50 per cent of that astronomical and wasteful budget, with regard to the population of the country.

Add to that the tax of 21 per cent on the income of corporations or small businesses, customs duty, etc.

We are forever trying to find new taxation fields but nothing at all is done to recover our country's wealth and use it to promote the welfare of our people.

There does not seem to be any question asked as to whether the country could derive more benefit from its sovereignty rights. What is more, the mere thought of it seems to be cast aside, either not to disturb the foreign

trusts which literally plunder our country or not to dry up a source which might enable old-line parties to remain in power for a few years to come.

At the risk of allowing the worst revolution to break out when the people will be fed up, further encouragement is being given to the reign of the most stupid financial dictatorship only to be found in a country as rich as Canada.

Our governments are merely vile braggarts inviting loan shark outfits and foreign companies to come and grab the tremendous Canadian wealth.

The only thing our statesmen have learned about administration is how to levy taxes, whereas the levying of taxes is precisely a clear indication of maladministration.

To my regret, I have to end my remarks that most people know to be true, without being honest enough to accept the necessary changes.

I could deal with economic matters for hours, but I shall keep my remarks for a much more receptive audience than the members of this house who seem impervious to common sense. As a matter of fact, the farmers and workers of my riding, the unemployed and the destitute are much more capable of understanding me.

I said at the outset that there was a very specific point I wished to call to the minister's attention, that is, the funds appropriated for the Pointe-Bleue reserve.

Again this year, a sum of money will be earmarked for the community service section of the Indian Affairs Branch.

I must also congratulate the government for having appointed to the Pointe-Bleue reservation an officer who is working in cooperation with the Indians to develop the community.

This delegate acts as liaison officer, giving the Indians their first opportunity to express their opinions on the administration and reorganization of the reservation.

This officer, appointed and paid by Ottawa, reports on his operations to the Department. Has his report been considered at its full value? This is the question to which I should like to call the attention of the Minister of Northern Affairs and National Resources (Mr. Laing) and the deputy minister and his staff.

At present, some consideration is being given to eliminating Mr. Boissonneault, but this would be a major error.

Mr. Speaker, my words may harm some and possibly make a few little Caesars squirm in their seats, but I must inform them that I have never retreated from the truth and that I am a fervent defender of democracy, particularly when the poor, the have-nots and the oppressed are involved.

I have already mentioned in the house that there is a little dictatorship installed at Pointe-Bleue, where the big chief is a white man, and to support this, I received yesterday a letter signed by Chief Harry Kurtness of Pointe-Bleue but not written by him —however, I think I recognize the handwriting—in which I am bitterly blamed for having attacked the administration at Pointe Bleue.

The letter, Mr. Speaker, reads as follows:

I believe there are improvements—

I said so at the time.

—I believe there are improvements to be made in this direction.

I shall come back to this during the estimates of the department, because we have much to ask for the Pointe-Bleue reserve, particularly as concerns the administration.

• (1:30 p.m.)

The author of the letter, and I have a pretty good idea who he is, said:

You seem to go by the reports of one of your last election campaign organizer, Mr. Herbert Connolly.

We wish to inform you that no other person, association or organizer but the Band Council is responsible for the administration of the Pointe-Bleue Indian reserve.

If you have any criticism to make, we shall be glad to hear you at a meeting of our Band Council where any misunderstanding can be cleared up.

I answered the letter simply by saying to Mr. Kurtness—he is not the one who wrote the letter:

In reply to your letter, I wish to say that I will be glad to air my views before the whole Council.

You seem quite satisfied with what the government has done for your reserve up to now and I would like to hear you say so publicly.

If, in your opinion, your reserve does not need new paving, sidewalks and sewers, I want to hear you say so in public.

But have you not made it quite clear to me that you wanted to run your own business once and for all, without being told what to do by a guy like Bourassa who, by the way, will not be the little Pointe-Bleue dictator very long.

Indians are just as smart as anybody else and the time has come for them to run their own affairs.

Therefore, I suggest a meeting in the college hall if necessary, in order to spell out the facts and correct the situation.

I am waiting, Mr. Speaker, for an answer to my letter, in order to throw a little light on this case.

This great white chief indeed seems to support the bigwigs in Quebec and some of their cronies in Ottawa.

This will tell you beforehand that all the efforts made by this government to give back to the Indians the administration of their own business will be unsuccessful, in this dictatorship and its tentacles do not disappear first.

The reason why I speak today on this urgent matter is that I have just received a letter from the president of the Independent Community Association of Pointe-Bleue which is supported by more than 195 residents. Since I have but five days to plead this case, I must inform parliament about certain facts which occur at Pointe-Bleue before things get worse.

In fact, the minister knows that there is an association at Pointe-Bleue. Through that association, which forms part of the federal plan, the Indian people want to administer the amounts of money the Minister of Finance makes available to them. And, to support my argument, here is what was said at a meeting of that association.

> This is the first official publication on the activities of your community association.
>
> Since its foundation, the active members have worked hard to insure the speedy progress of the organization.
>
> As you have read in the newspapers, and heard on the radio, some measures have already been taken through the welfare committee to ensure a better performance in this field.
>
> Recently, the industrial committee also made some representations, while studying job opportunities, and more specifically to date, in field of forest concessions.
>
> Through the efforts of several meetings, the active members finally succeeded in bringing about a first official meeting with the introduction of legislation and regulations, as well as setting up new committees and enrolment of new members.

I believe, Mr. Speaker, that this association should have the right to speak. I am sure that if the government trusts the officer it appointed, it will know the truth. I have here the letter of the president of the association with all the signatures of the active members —a 15-page letter—which states clearly what is happening at Pointe-Bleue.

I think the time has come in 1966 to provide Indian reserves with the necessary means to take their administration into their own hands. I believe that the old agency system is no longer justified on the reserves. Indians became mature enough to manage their own affairs long ago.

[Mr. Gauthier.]

The impression given throughout Canada that Indians are not qualified to administer themselves is out of date, or rather, it is perpetuated by some small dictators or bureaucrats who place their own comfort above the freedom of Indian reserves.

Today, in his budget, the Minister of Finance will therefore have to provide more for the development of Indian affairs. He will particularly have to inquire about how this money is spent, and to correct the present administration, which keeps for itself the major part of the amounts voted.

It will be necessary to pay more attention to the majority voice of the Indians who are still free from fear and from the job offers of the department and to place less confidence in the few white people comfortably established for years and living off Indian poverty.

It will be necessary to hear the real members of the Band Council, not those who are under the agent's trusteeship, and to hear the free associations, all the residents who can still speak without fear of reprisals from the agent's office.

It will be necessary to reconsider the Boissonneault report upon which Mr. Bélanger, of Quebec, "God, the Father", and Mr. Bourassa, of Pointe-Bleue, "God, the Giver", and certain bureaucrats in Ottawa did not look favourably, in connection with their positions.

While the government intensifies its efforts towards truly democratic action, its work is being annihilated by the very people who should support its efforts.

While the government works to give the Indian people administrative independence on their reserves, we note with sadness that they depend more and more on the Hudson Bay Company which has been fleecing them for a hundred years now, while local merchants get nothing but crumbs, because they are politically dependent on this shameless patronage.

Social dependence: most Indians have been put on social welfare and denied the opportunity to develop their own handicraft which would enable them to live according to their aspirations.

And, after all that, we are told right and left that Indians are lazy and incompetent. And to better keep Indians in that condition, as soon as one of them acquires enough culture to lead his group, he is immediately enticed away from the reserve by interesting salaries in the outside world.

These are the bare facts. The government has now been warned: let us see how it will act.

Mr. Speaker, my time has now elapsed but I shall surely bring up the matter again later. However, I felt I had to point out these facts to the minister and the government because, at the present time, the association which includes two thirds of the members of Indian reserves is about to revolt: it has given me five days to settle the matter.

[*English*]

Mr. Leonard Hopkins (Renfrew North): It is encouraging to a new member of this house, Mr. Speaker, to know that the period of time allotted for the debate on the Speech from the Throne or the debate on the Budget provides him with an opportunity to express his views on a wide variety of topics or issues. Personally, I look upon these time allotments as being of crucial importance to parliament if the time is spent in a constructive and purposeful manner. One finds it a very enlightening experience to hear or study the speeches of hon. members from the various regions of Canada.

In this speech I want to discuss the present and future of Canada. But if one is to discuss the future of Canada he must first of all look to the history of this country and other factors that have played a part in merging this country into the nation it is today. If one does not take this approach he is talking about a structure without discussing, first of all, the foundation of that structure.

First, Mr. Speaker, I want to congratulate the Minister of Finance (Mr. Sharp) upon his very capable Budget presentation. It is certainly no easy task to prepare a Budget that will be readily acceptable to all people and all areas, whether they be geographical areas or economic areas. We have the privilege of living in a country that has an unequalled potential. Canada is 3,000 miles wide, it is larger than the United States, larger than Europe and one-third larger than Australia. The very size of the country can raise varied problems in the development of that country but those need not, by any stretch of the imagination, be insurmountable problems.

Canada has, indeed, been greatly affected by its geography. Professor Careless of the history department of the University of Toronto says:

• (1:40 p.m.)

Geography, of course, does much to influence the history of any nation. But this is particularly true of a land as sprawling and spread out as Canada, composed of a number of different geographic regions, often with natural barriers between them, regions which in Europe might have contained a whole patchwork of separate countries. Thus Canadian history largely records a struggle to build a nation in the face of stern geographic difficulties. That struggle still goes on. The difficulties arise from the very extent and variety of the Canadian landscape; the range on range of far western mountains, the rough tracts of forest and bush, the Arctic and sub-Arctic wastes, and the infertile belt of ancient rock nearly a thousand miles wide, called the Canadian shield, which runs through the very heart of Canada. Barriers such as the mountains and the shield exact a heavy price in scattering the population. They make for sectional divisions and high transportation charges. They weaken national unity and retard national development.

They represent also the immensity of the problems of development that have been and still are slow and expensive of solution. They also represent some of the costs of geography that have been borne by the Canadian people throughout the course of Canadian history. The present Budget, like many other Budgets before it, is one that has been brought forth to meet the exigencies of the time. One has only to make a review of Budgets during the course of Canadian history to realize what a tremendous challenge it must be to a finance minister and to his colleagues to try to solve the major problems of their time and to attempt to give recognition to the many individual problems that are presented to them from time to time. As I have said, the geography of Canada has in itself presented many problems to finance ministers over the years.

Be that as it may, however, we must also be ever mindful that geography has also offered Canada many assets. In eastern Canada the sunken coastline of the continent formed the off-shore fishing banks that attracted many hardy Europeans to that part of the continent in pre-pioneer and colonial days, and which are so important to the economy of that area today. The St. Lawrence River invited people to venture inland and today is Canada's commercial highway. The great plains west of the Great Lakes have become the granary of the world. The Canadian shield was first of all a source of fur and then of timber. Today it is a source of pulpwood, minerals, and water power. The mountain ranges of the west have proven to be another storehouse of mineral riches. On the Pacific coast there are giant stands of timber and more fisheries. In southern Ontario and southern Quebec geography has presented us with an area that has proven to be suitable for mixed farming and rapid

industrial growth. In the sub-Arctic area the large mineral resources have only begun to be opened up. Geography may have made development difficult in Canada, but this same Canada has indeed been a rewarding one for those who have met its challenge. These are just some of the geographical factors that have played a part in Canada's growth.

The most important development on which we of today must focus our attention is the series of conferences of the Fathers of Confederation who 100 years ago spent several long and arduous days laying the constitutional framework for a new nation in the best way they knew how. It was their hope and their aim to build a foundation that would successfully support the edifice for years to come. As we look back we must agree that they did their work reasonably well. Many of us may feel that the several constitutional legal decisions handed down by the Judicial Committee of the Privy Council at Westminster during the last decades of the nineteenth century went a long way toward weakening the work and the good intentions of the Fathers of Confederation. Be that as it may, even with those unforeseen interpretations of certain sections or parts thereof of the B.N.A. Act, in particular sections 91 and 92, the constitution has been able to ride out many internal and political storms in the face of what looked like bleak and dismal horizons.

Two great Canadians stand out as having laid the political basis which made Confederation acceptable and practical to all people of this country during the first half century after the formal adoption of the B.N.A. Act. They are Sir John A. Macdonald and Sir Wilfrid Laurier. Their ability to weld together two political parties that had nation-wide support not only preserved our system of government in Canada, but they were able to unite all the major diverse characteristics of the country whether they were human, geographic or economic in nature.

Sir John A. Macdonald was responsibile for much of the geographical expansion in many areas of this country through such means as transportation, the railway route across Canada being finished in 1885. He had the uncanny ability to bring men together. His national policy protected infant Canadian industry and he also helped to overcome some of the worst qualities of geographic sectionalism in Canada.

[Mr. Hopkins.]

Sir Wilfrid Laurier worked to bring the two major racial groups in this country together. He built another transcontinental railway along with several branch lines. He brought in two more provinces, Saskatchewan and Alberta, in 1905. He was a strong believer in Canadian autonomy and sacrificed possible political success in 1917 for the sake of unity in Canada. I personally have an appreciation for the contribution made to social reform by the late J. S. Woodsworth at a time when Canada was in a stage of rapid economic and social change from an agricultural nation to that of a growing industrial power.

My own party is one that has had a tradition of promoting Canadian autonomy, social reform, the unity of Canada and economic growth. The Liberal party has been one of reform and change when change became necessary.

While there have been and are two major racial groups in Canada, we also have across this land people of a host of other racial origins who make up a large percentage of our total population. In my own constituency of Renfrew North there is a very large number of people of German origin whose ancestors came to this country more than 110 years ago. Along with a large number of constituents of French and Anglo-Saxon origin. I also have Polish, Italian and Jewish groups as well as several others. All of these people work together and get along in harmony.

The very basis of success in a multi-racial, multi-sectional country is to understand our fellow man and to appreciate the problems with which he is faced. National problems must be approached in a rational way rather than in an emotional way. In a country such as ours, which is multi-racial, if emotional arguments among racial groups or among the various sections of the country become the means of trying to solve geographic or social problems it would be difficult to reach a successful solution to any problem. Rather, instead of the overcharged emotional approach, rationalized well thought out discussions which alone will pave the way for stability, solidarity and a moderate nationalistic spirit are the only responsible-minded approach that can be taken by the leaders and the people of our country.

During the past decade we have heard and read about problems that would be facing Canada as we near our country's one hundredth birthday. I feel that it is time, as we

are almost on the eve of Canada's one hundredth birthday, for all members of all governing bodies at all levels of government and the people of Canada to stop and give the same serious thought today to the future of Canada as was given to the future of Canada by the Fathers of Confederation 100 years ago.

Only we as an aggregate people working together regardless of racial origin or geographical location will ensure the continuation of and the progress toward unity, harmony and nation-building which has been handed down to us by the Fathers of Confederation and succeeding generations. If all of us make a sincere attempt either to continue or develop an understanding of and respect for our fellow man, if there is a spirit of compromise on the part of everyone concerned in any disagreement that may exist and if all of us are willing to approach all problems of the present and future in a constructive and reasonable manner, then we will indeed be able to build a great future for this country and its people. I have faith in the members of this house to work toward these ends and I have faith in the future of Canada as a nation.

We of English Canada have sympathy for the great social and economic changes that are taking place today in the province of Quebec. I want to pay tribute to my French speaking colleagues from the province of Quebec for the many enlightening discussions I have enjoyed with them. I appreciate the fact that many of them are able to stand up in this house and deliver their speeches in either language, and I can say to them that I only wish I had the ability and the confidence to do the same.

Only on the basis of mutual respect and mutual confidence among the members and political parties of this house and, indeed, among all provincial and federal leaders can we meet the social, cultural and sociological problems that face Canada today. The problems that face us today are not isolated by any means in Canadian history. We have had some in the past that were somewhat similar but probably were not as important.

If we do not use the lessons we have learned from some of the stresses and strains that have been placed on Canadian unity in the past in order to solve our problems of the present, then we are giving validity to the saying that "if there is anything that we learn from history it is that we do not learn anything." Let us rise to the challenge that faces this nation and, by exercising mutual respect, confidence, patient dignity and constructive well thought out action, place Canada on the road to harmonious, united and progressive nationhood for another 100 years.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I want to join in the last remarks made by the hon. member who has just resumed his seat with regard to the extent to which we appreciate the contribution made by hon. members from the province of Quebec on all aspects in this chamber. In fact, were it not for the members from the province of Quebec, some from Cape Breton Island and one or two from other places, this would be a dull and lifeless chamber.

I want to make a brief comment about the method in which the Budget debate is initiated and proceeds. I think it leaves a great deal to be desired because all too often a Budget presentation consists of a few islands of statistical information surrounded by large lakes of unreality and deception. When I say "deception" I hasten to inform the parliamentary secretary that I mean it in its political form, its purest form.

I think a minister of finance should be qualified as a dress designer because he has to plan very carefully what he is going to emphasize, how much he is going to show and how much he is going to conceal. Those, I think, are the characteristics of a dress designer.

An hon. Member: The minister has designed a bikini.

• (1:50 p.m.)

Mr. Baldwin: The Minister of Finance (Mr. Sharp) is the designate of government to sort out all the hundreds of suggestions made to him both inside and outside of his department. Those measures he finally incorporates are the fiscal and monetary acts the government wishes to impose in its governing role.

From the time of Jeremy Bentham it has come to us that the role of government should be one which provides the greatest good for the greatest number. A critical contemporary has added a supplement, "and the least evil for the smallest number". This proviso is certainly part of today's concept in a truly democratic system of government.

We in this chamber must look carefully at these Budget proposals. It is not too easy a job. We are not economists, and I often thank God for that. I know that economists are inclined to look down their noses at politicians. But for my part, and here I borrow a

phrase, I believe that economics and the national economy are subjects far too important to be left to economists. Perhaps here I owe a word of apology to the Minister of Finance who was himself, I understand, an economist at one time. However, no doubt his presence in the cabinet has caused him to forget what economics he knew.

It is difficult for us to cover the whole waterfront. I think there is a way in which we in this chamber can come to a better understanding of these problems so that when the time comes to debate them we shall be better equipped to do so. I shall propose a suggestion along these lines before I sit down. With this in mind I intend to raise a few points with regard to the Budget. I do not offer them as being ideas with which I am irrevocably seized or as being essential for the good of the country. They are ideas in which I believe, and they could be the subject of discussion. In addition, they might have some effect in enabling us to arrive at a more logical conclusion with respect to the fiscal and financial policies of the government. I believe the public would like us to concentrate a little more on these economic issues which so closely affect them and less on some of the other things which have afforded a measure of light entertainment and heavy drama in the the past.

For example, I have an idea that people would like us seriously to consider the problems presented by inflation. That word, of course, is a bland euphemism used by those in authority to express the fact that the prices of meat, milk, bread, shoes, taxes, rent and so on are all going up and up, so much so that there is reason to believe that one of the unidentified flying objects about which we have heard so much has been identified as the cost of living index.

Certainly it is a matter of great concern, particularly to all those people who occupy the lowest part of the economic totem pole, the people living on fixed incomes or those whose incomes are largely determined by conditions external to this country. These are people whose incomes usually follow rather than precede the upward climb of prices, people who never have enough to permit them to pay more and more in order to buy less and less.

What remedies, if any, exist? I know the minister is fulfilling the orthodox economic advice given to him by his orthodox advisers. To this extent he has probably done the best he could. I realize this is very faint praise but it is as far as I am able to go.

From my own state of blissful ignorance of orthodox economics I suggest that to raise taxes and syphon off purchasing power is simply not providing the greatest good for the greatest number within the meaning of the definition with which I began. I say this certainly will result in more evil for a larger number of people. It is like the carrot and the stick, only there is a new twist to it. The minister has presented the carrot to the people, but while the donkey is eating the carrot the minister at the same time is beating it with a stick, and I do not think this is very fair treatment. Someone else has suggested it is like giving a dose of castor oil in the morning and paregoric in the evening.

• (2:00 p.m.)

The minister has prescribed two companion steps, a system of forced savings which will syphon off money from direct investment and then an abandonment of the incentives which heretofore existed to promote development in industry. In that regard I would like to refer to what is contained in the second report of the Economic Council of Canada on this very issue of the necessity of providing incentives so that automation, diversification and more efficiency will result in our industrial activities.

Dr. Deutsch of the Economic Council has been concerned about this particular issue and, as a matter of fact, has suggested that we continue to maintain these same incentives. At page 174 of the report we find the following:

> The experience gained—

The report is dealing with the experience gained with the incentives which we did have and which are being removed by the budget.

> —should make it possible to develop a better and more effective scheme. An improved tax incentive program should be broad and widely available to small and large companies alike. It should encourage the taking of risks in the exploitation of new ideas and methods on the basis of widespread initiatives.

It is absolutely essential, in a country like ours with a small population, to provide our industrialists with the strongest possible incentives in the form of research and development. To help increase their efficiency is essential. Any attempt to water this down or get rid of it is, in my humble opinion, completely wrong and erroneous.

As a result of these proposals what could happen here is that for a very short term

there might be a decrease in prices, although I have my doubts. But if the government and the minister genuinely believe that only through measures of this kind is to be found relief from inflation, why do they not plunge in and take the complete measures which are suggested by these proposals? I would not support that. I do not support these proposals. I think it would be unsatisfactory because the people who would suffer from it are the people who can least afford it. I do not think it is right, but if the government believes so, why does it not go the whole distance with it?

What will happen now is that the modestly well to do and the wealthy will continue to buy on an individual basis the things they think they need to make life comfortable, and if prices are in fact reduced by a lag in demand it will be on the part of the lower income brackets who will be compelled to limit their purchases because of lack of purchasing power. I am sceptical in any event.

What about the United States which is a potential powder keg of built-in inflationary dangers by reason of the Vietnamese war? Up until recently the President of the United States indicated that he was not going to raise taxes. I may have to take these words back in a week or two because he has not yet sent a message to Congress, but surely if there is any country suitable for the program devised by the Minister of Finance it is the United States where there is the grave danger of inflation.

Mr. Chrétien: Would the hon. member permit a question?

Mr. Baldwin: Certainly.

Mr. Chrétien: Is the hon. member aware that in the United States a married taxpayer with no dependants, with a gross income of $4,000 a year, pays $207 more in income tax?

Mr. Baldwin: It may well be so and if the parliamentary secretary quotes these figures to me I am quite prepared to accept his statement to that effect, but this is not the point. We are now at a certain plane where taxes have been fixed and provide a certain amount both here and in the United States, and the minister is suggesting that in order to contain inflation he must raise taxes. I do not accept that as being a proper program, and with the greater danger that exists in the United States I say that if the United States authorities felt the same way about it the President and the government of the United States would also have raised taxes. It is a matter of relativity rather than comparison, Mr. Speaker.

This whole business reminds me a lot of a device which was in existence in the early days in the United Kingdom. The Prince of Wales had a boy called a whipping boy and when the prince did something wrong the whipping boy was upended and received punishment. This is exactly what is happening here. Because of the errors made by the government and certain people in industry and finance, a large minority of people in the lower income brackets are the ones who are being punished, and that is not the kind of answer which is good enough for this house.

There are other issues which ought to be raised and made the subject of discussion in any proper Budget debate. To a very large extent prices are made up by cost generated by the imposition of taxes. Certainly the values of capital and labour which go into the price of a commodity or a service are in considerable measure fixed by taxation and, especially in modern days, the pyramiding effect of taxation. Taxation in turn is fixed by the cost of government and I suggest it is hypocrisy for the government to tell labour and industry to follow guide lines until it itself submits to self-discipline and puts its own house in order.

There is the mounting tide of government employees. There is the rejection and refusal to follow all but a fraction of the Glassco commission recommendations. There is the incidence of error, of waste, of extravagance and non-productive payments which are contained in the Auditor General's report, and the government has also failed to follow 80 per cent of the recommendations of the Public Accounts Committee.

It is no wonder that industry and labour reply "so what" to the Minister of Finance and the Prime Minister (Mr. Pearson) when they very timidly suggest that they should limit their price increases and wage demands. I think they are perfectly entitled to say, "You start and we will follow." I think this is absolutely essential.

I should like to talk more about taxation but the time allowed is against me. However, there will be ample opportunity when the Carter royal commission report is brought in. But it is my submission that the present taxation system, like a crazy quilt, has been built up without rhyme or reason, without regard to the cardinal principle of an equitable tax system, namely, one which permits

people to have the fullest access to the resources of a country unimpaired by incentive destroying levies. I think the first essential is not an increase in taxation but a reduction, a reduction which follows a decrease in the cost of government, in the controllable cost of government expenditures with which this government has not shown the slightest intention of dealing.

On the other branch of fiscal policy, the tariff, there is the question if a policy of freer trade would not bring more goods at cheaper prices within the reach of the Canadian consumer. In this regard we must not lose sight of the psychological aspect of purchasing at the present time. One cannot call it hoarding, but there is no doubt that with the continuous talk of inflation and the learned dissertations of people about the overheating of the economy, and the grave and serious mien adopted by government people, financial editors and others, there has occurred a built-in psychotic feeling, the desire to buy something now even though one does not need it because it might not be available later or will only be available later at an increased price. I suggest that a large amount of the purchasing taking place at the present time is because of this psychological factor.

If it were made aware to people that tariff barriers would be reduced to a limit that would permit a greater flow of goods coming into the country, a lot of this fear would be lost. I am not too concerned about labour and industry, in the sense that they are organized. My concern is with the consumer and I suggest, despite all opinions to the contrary, it is more than time that the industries which have become fat and lazy behind protection should be exposed to the cool fresh wind of competition and get out on their own.

• (2:10 p.m.)

Certainly this should be done on a staggered and progressive basis. There should be tax incentives for research development, improving techniques, and an orderly transition to the type of industrial activity where, with increasing productivity, markets can always be found at home and abroad in the face of any competition. Canadian industries with access to great and varied types of natural resources and with know-how and competence should be able to compete anywhere including their own country without the help of tariffs as they now exist. In the modern industrial age the benefits which have accrued through economy of scale now can be matched and even surpassed by the economy of diversification and automation. This is where our destiny lies.

In this regard I should like to put before the house the bare outlines of some arguments made by others which bolster my own view. In the Toronto *Telegram* of April 19 I find that Mr. Douglas, the president of Douglas Aircraft Company, came to Canada and the following item appeared:

> Lack of interest in subcontracting by Canadians startles Douglas chief. Canadian manufacturers have displayed a lack of interest in obtaining subcontracts from the Douglas Aircraft Company...
>
> "Your government came down and leaned on us pretty heavily and said let's see some work in Canada"...
>
> "But when we sent some teams up to Canada three or four years ago, people said we don't want your business."

Then, Mr. Speaker, again with reference to the Economic Council of Canada, at page 172 there is a very strong opinion to the effect that the role of Canada should be one which recognizes the growing degree of international economic interdependence. More specifically, an active and meaningful role by Canada in negotiations to broaden and deepen non-discriminatory multilateral trade coincides with our long term interests and position as a major world trader. Putting it very shortly I suggest that freer trade, the opening up of our markets, and more and more goods and services coming in here would result in Canadian industry being compelled to become effective, efficient and demonstrate its ability to produce at lower costs. This would immediately make available not only more commodities to Canada at a cheaper price but would put us in a better competitive position with relation to the rest of the world.

I do not think it is good enough to say that because the tariffs have existed and because the Kennedy round of tariff negotiations is not proceeding as fast as it should we are not free to take action on our own. I think we are, and I would like to see this matter discussed. There are other considerations such as the question of United States capital coming into this country. There has been much opinion stated on that. I should like to refer hon. members to a book called "The Prospect of Change and Proposals for Canada's Future". This contains a number of essays by various people, some of whom are professors and even economists. One of them at page 245 is considering the effect of foreign ownership and control of Canadian industry. There a question is raised in respect

of whether there is a danger in reasonable and moderate use of foreign capital in Canada. I am not here taking sides one way or the other but I do suggest this is not a one-sided proposition and is one which should be considered. There are other considerations.

Mr. Harry Johnston, a well known Canadian economist, suggests that in his view there would be absolutely no advantage in the change suggested by the last minister of finance, that all it would do would be to pass control to James Street and Bay Street rather than Wall Street. I say that this is the sort of thing we should be discussing. There is the question of designated areas and the northern part of Canada having a tremendous potential for industrial development. This is progressing slowly because it takes risk capital. Every time I see under the designated area program the designation of certain areas to permit the continuation of an uneconomic industry, which is bound to be only for a comparatively short period of time, I think there is something wrong. I think it would be far more effective to go into an area like the north where the resources lie. If there is going to be a program of these incentives, surely it is better to go into these areas where we have the opportunity, the program and the resources. We did this in respect of the Pine Point railway. This was a partnership arrangement between the government, the railways and industry and it has been tremendously successful.

This is the sort of thing the government should be doing in the north. I think the time is very late when this should be done. I am sorry I have exceeded the time I had intended to take. My proposal is that when the Minister of Finance has brought down his Budget the debate well might be postponed to permit the subject matter of the Budget presentations, the fiscal and monetary policies which the government feels are necessary and adequate for the country for the next year, to be submitted to a committee before which would appear the advisors of the minister who have advocated these policies and before which also would appear others who do not agree with those policies. I think this would initiate in the country a real debate on and give us an opportunity to come to grips with the economic problems. This is something which is so essential and necessary.

I have sat through eight or nine Budget debates. This debate has been a good debate. However, this is the sort of thing we need rather than a debate in a vacuum, in a place where there is no conflict of ideas and no joinder of issue on the questions, the question of United States capital coming in here and the question of free trade. These are problems in which the people of this country are vitally interested. I think these things need to be brought out into the open, examined critically and considered thoroughly before the debate continues.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, in the course of the last election campaign I took the position that one of the greatest needs at the present time is responsibility in government. Because of the constant political campaigning which had characterized our parliaments and the ever present possibility of another election, I made the suggestion that it might be desirable to have a set term for parliament, such as four years, during which the only permissible occasion for an election would be on the defeat of the government on a straight want of confidence motion, the number of which would be strictly limited. I suggested that one such occasion would be the Budget debate, because we know the Budget is the main indicator of the monetary and fiscal policies of the government.

Personally I have refrained from supporting non-confidence motions based on specific issues, but because I was opposed to the position taken by the Minister of Finance (Mr. Sharp) with reference to general monetary and financial policy I found myself last evening in the position of being compelled to register my protest by voting non-confidence in the present government. I did so because I believe the general trend of the Budget speech and the policies enunciated by the minister is not in the best interest of this nation. I should like to read the first point mentioned in the press release from the office of the Minister of Finance outlining the highlights of the Budget.

• (2:20 p.m.)

The current economic boom, with rising demands pressing against available production capacity, presents a great challenge to Canada to manage our present prosperity and maintain a steady and sustainable rate of growth.

I would suggest, Mr. Speaker, that contributions during the course of this debate have raised a serious question as to the extent and magnitude of the suggested boom. It is true that many parts of the country and no doubt many citizens of the country are enjoying a very adequate share of the prosperity that is

spoken of, but we dare not close our eyes to the fact that all is not as bright as the minister suggests.

For instance, I listened with a great deal of interest to the contribution to this debate of the hon. member for Kings (Mr. McQuaid). In the course of his presentation he gave a very dark and gloomy picture of the existing economic situation in his home province of Prince Edward Island. I am not saying that was overdrawn; I am not saying that conditions are not as dark as he suggested. I am just pointing out the fact that here was an hon. member who in presenting the conditions of his own province did not take the position that all was well and everything was bright and rosy. However, Mr. Speaker, I would suggest that perhaps in some instances such conditions are not altogether caused by a lack of recognition on the part of the rest of Canada of these particular situations. I am not going to say they exist because the policies enunciated by the federal administration are not adequate to meet the needs, but I would suggest there may be a possibility that provincial policies are not adequate to meet the demands at the provincial level.

Therefore I would suggest that in some of these areas people might give consideration to electing a Social Credit government which might be able to present a picture that is a little brighter, because where Social Credit has formed the administration conditions are very bright and encouraging and those areas are developing better and faster than any other part of our great nation. I throw that out, Mr. Speaker, as a suggestion. Perhaps if conditions are not right and things are not going well, if the economic situation is dark, these people had better look around for some other type of administration which can bring a degree of prosperity and assistance to areas in difficult straits.

I should like to re-emphasize the fact that provincial administrations do have a great deal to do with national progress and development because if policies are not adequate and effective in the various provinces then, of course, the revenue accruing to the federal administration with which to fulfil its responsibilities is also lacking. Therefore I would again point to my own province of British Columbia and the neighbouring province of Alberta and bring to your attention, Mr. Speaker, the economic and financial policies that are being applied there. I say they are resulting in a measure of development and progress that is unequalled in any other part of this great country of Canada.

I have mentioned that there are areas of this country which are not enjoying the boom to which the minister has alluded. There are also various classes of our citizens who are not enjoying the affluence of which we speak. There has been considerable discussion this session of the plight of old age pensioners. Suggestions have been made, amendments have been proposed and speeches have urged the implementation of further assistance to our senior citizens to bring their income up to a level at which they can live with a measure of dignity and decency. But the attitude of the government has been that it is not in an economic or financial position to provide this assistance.

I suggest that if our economic and financial situation is not adequate to meet the needs of our senior citizens and others at that particular income level, there is something wrong with the administration of our national affairs if we are enjoying such a boom that we have to put on the brakes. I have spoken of the old age pensioner. I could refer to federal superannuates, I could speak of our veterans, I could call to your attention, Mr. Speaker, all those living on fixed or low incomes. I suggest that these people are not enjoying that standard of living commensurate with an affluent society, one in which the government feels it essential to brake and slow down our development. Therefore I suggest that not all areas or citizens of this country would support the claim that Canada is enjoying an unprecedented boom.

I should like to have referred to a number of specific matters in detail but because there has been agreement to limit our contributions in order that as many members as possible may take part in the debate this afternoon I shall refer to them only briefly. Some of the documents to which I intended to refer will be set aside and I shall refer only to some specific situations. First of all, Mr. Speaker, I should like to refer to the tight money policy being implemented by the federal government at this time. I do not know whether they would call it a tight money policy; they refer to it as slowing up a little, taking your foot off the gas to spread the boom out a little so it will last longer. But I would suggest that in the final analysis it is a tight money policy which will have very serious effects upon the development of this nation.

It has been brought to our attention that there is a severe shortage of money for

construction purposes. I have a telegram at hand from the Ontario Council of the National House Builders Association referring to the desperate situation created by the complete lack of N.H.A. mortgage funds, which is critical to the housebuilding industry. The members of this association strongly urge immediate government action to re-establish the program of direct N.H.A. mortgage loans in all areas. I have received other communications from builders' associations and those engaged in the construction industry pointing out the fact that this policy will have a very serious effect upon the whole construction industry and will also spread into a great many related and allied trades.

The suggestion is that there is a shortage of skilled labour. I should like to call attention to the April issue of the "Canadian Builder". After referring to the effect taxation is having on the industry, this publication refers to the alleged shortage of manpower and states at page 34:

> The fact is that the short-sightedness of the immigration policies of various governments in this country has created this situation.

I would suggest that rather than slowing up construction and our economy because there may be a shortage of labour, we should see to it that sufficient labour is brought in to augment our labour force in order to carry through the tremendous program of development and progress that is possible in Canada at the present time.

• (2:30 p.m.)

Continuing along this line, Mr. Speaker, I should like to refer to the fact that we in the Social Credit party have advocated for a number of years that the Bank of Canada provide facilities and capital to assist our municipalities in their programs for the provision of services to their people. I should like to re-emphasize this this afternoon because I believe it is important and pressing. I suggest that without something like this our municipalities are not going to be able to carry forward their programs and meet the challenge of their growing communities. We have suggested that a municipal development bank be established as a branch of the Bank of Canada. Money would be provided at a very low rate of interest, perhaps covering the cost of administration or at least a very low rate of interest, in order that municipalities might provide the facilities that are required in their communities.

I thought for a while that the government was moving in the right direction by establishing the municipal development assistance fund or loan fund. They saw fit, however, to cut it back just when it was getting nicely into operation. I say that the municipal authorities are very unhappy about the decision of the government in this respect.

We think, Mr. Speaker, of the entire debt structure of Canada. Reference has been made to this by other speakers. At the moment the service charges on our national debt require $1,100 million annually. I suggest this is something that ought to cause great concern. I was interested, however, to note that the government is moving in a direction we Social Crediters have advocated for a number of years, namely, that the Bank of Canada take over the national debt, assume responsibility for it and work toward its liquidation. The Bank of Canada has purchased some bonds in the past.

I cut out of the Ottawa *Citizen* for April 18, 1966, an advertisement with reference to an issue of $325 million non-callable government of Canada bonds. The advertisement states that the Bank of Canada has already agreed to acquire a minimum of $50 million of the new bonds, open as to maturity. I suggest that this is a move in the right direction. There ought to be more of it because it is much better to pay the interest back to the Consolidated Revenue Fund since that means in effect that we are getting our money at practically no interest. I therefore commend the minister and the Bank of Canada for this action. We would only urge that it be extended still farther.

I believe it was the hon. member for Carleton (Mr. Bell) who, speaking last night, asked this question: If the government cannot balance the budget in boom times, when can it be done? I believe this is a question of which the Minister of Finance should take cognizance and provide an answer. If we cannot meet our obligations now, if we have to continue borrowing and building up the national debt, further increasing the debt charges at this time when the minister says we are in such a boom we have to slow up, then when in the name of common sense are we going to be able to get to the place where we can balance our budget and operate this country on a business basis?

I should like to refer, Mr. Speaker, to the cost of living index. It has been pointed out

that the cost of living is constantly increasing. The Ottawa *Journal* for April 7 contained an article with this headline, "In The Last Six Months, Food Prices Up 6 Per Cent." We are told we have not reached the peak yet, that we can expect a continuing rise in the cost of living and in the prices of our products. I believe that this is one of the most distressing factors in our whole economy today.

I have received letters, as I am sure many members have, from old age pensioners who have gone into supermarkets, compared prices and found that the little bit of money they try to stretch to provide even the basic necessities of life is not sufficient to purchase enough for them to get by.

Mr. Ricard: Would the hon. member permit a question? Why did the hon. member vote against our amendment when we proposed to increase the old age pension to $100?

Mr. Patterson: This is a complete misrepresentation of the facts, Mr. Speaker, and hon. gentlemen know it. They did not propose that in the amendment. They criticized and hammered the government for not doing it but they know as well as I do that to support that motion would not have brought the old age pensioners one nickel. Some of these politicians, Mr. Speaker, go up and down the country completely misrepresenting the facts, when they know they are not saying the right thing. I tell you, people are beginning to catch on.

Mr. Diefenbaker: They certainly are.

Mr. Patterson: They are getting fed up with these political footballs.

Mr. Ricard: You can say that again.

Mr. Patterson: I was talking about our senior citizens and veterans. They are the ones who are hurt most by the constantly increasing cost of living. You will have noticed, Mr. Speaker, that last night, because the government did not provide for certain things, including an increase in old age pensions, we voted against the government. Where were the Tories then?

Mr. Ricard: Here.

Mr. Patterson: Check the record and see how many were absent. Perhaps the Leader of the Opposition is not able to control his group any longer and the result is that they are absent.

[Mr. Patterson.]

I am simply pointing out that the cost of living is constantly increasing and the ones who are getting hurt most are the ones who can bear it least. No attempt was made in this Budget to provide any of the assistance required. We talk about savings and investment. I am sorry that I am going on because I intended to be very brief but these interjections are interesting and provide some opportunity for a little digression.

However, in so far as savings and investment are concerned, I have an article here which I am not going to read. It is from the Ottawa *Citizen* for April 1, 1966. The heading is "Report Shows Canadians Can't Afford To Invest." The article goes on to say that Babson's estimates that a household with earnings of $7,000 a year after taxes spends 91 per cent on living expenses, leaving 9 per cent for accumulation. Of course, if you reduce that to the bracket in which many of our Canadian citizens live there is no money left for investment. In fact, the people cannot tighten their belts any more because they are so tight now the people would not get by if they tightened them any more.

• (2:40 p.m.)

I refer now to the income tax. The report which appeared in the newspapers following the introduction of the Budget stated that six out of ten would pay more taxes. Everybody knows that we have a social responsiblity in Canada to assist those who are unable to assist themselves. We have an obligation imposed by our need to have the government do for us collectively what we cannot do for ourselves individually. There is a limit financially, Mr. Speaker. You can kill the goose that lays the golden egg. I believe that is what is going to happen if the government maintains its trend of increasing taxes, overburdening the Canadian people and overburdening the taxpayers.

I have in my hand a letter from a young man who expresses deepest bitterness because the government is dictating to him how he is going to spend his money, implying that he has not enough brains to know how to spend it himself. I quote one brief paragraph:

> Forgive me if I got carried away but I feel so strongly about this and other things that I am going to have to live with for many, many years. It seems that my future is being carefully plotted out for me while all that I can do is write letters and pray that I will still be able to have a choice of where I will work and what I will do as time progresses. Sometimes I feel as if I want to break out and scream as I watch my decisions made for me by a government that believes that I haven't got enough brains to take care of myself.

I believe that brings out the picture very clearly. It shows that some people think that the government says to people: You have not got enough sense to know how to spend your own money; we are going to look after it for you. Therefore the whole structure that is being erected is a denial of the rights of the individual to look after himself and to live his life as he wants to live it.

With regard to taxation policy the minister hides behind the fact that the Carter Commission has not made its report. I think the government is hiding behind that report. There is no reason why it could not proceed to bring about relief to the Canadian people. Instead, it hides behind this report, making excuses. We hope that the commission will report quickly.

In view of the agreed limitation of debate and the courtesy extended by the house, I am going to conclude my remarks at this time. I do, however, register my strong exception to the policies followed by the government in dealing with some of our national problems and I object to the lack of any policy with respect to other issues of concern to the Canadian people.

Mr. J. G. Lind (Middlesex East): Mr. Speaker, allow me to congratulate you on your appointment as Speaker of this house. Everyone to whom I have spoken about you has praised your ability to handle difficult situations quickly, fairly and in an orderly manner.

I should like to thank the Minister of Finance (Mr. Sharp) for presenting to this house a wise budget which fits the needs of the hour. The task of the government is to sustain the longest economic expansion in Canadian history and therefore we must have some restraint in our expansion to safeguard the continued growth of our economy. *Time* Magazine says:

> This inflation-dampening budget earned a round of editorial and business approval.

I have checked the reaction of many of my constituents to this budget. One farmer said, "It did not hurt us, but Joe Greene sure saved our hide". A businessman said that he thought it was a budget that should check inflation and it did not hurt him too badly; he had expected an increase in personal taxes but he did like the 5 per cent refundable corporation tax. "Over all" he said, "this budget should trim inflation." I quote from an article in the *Globe and Mail* of April 5:

> Economists generally like the refundable tax, which they regard as perhaps the most sophisticated instrument of economic control that Ottawa has devised in a generation.

What does the ordinary man on the street think of this budget? I have talked to many on this point. They generally agreed that it did not hurt us and they expected the minister to check the inflation so why not clip those who can afford it? This judicious rebalancing of income tax will help to check or dampen inflation without disturbing the underlying uptrend in business.

I would like to suggest to hon. members and the government that they consider the image of this parliament and the business life of our country by considering for a moment the meaning and value of integrity. Colton once said:

> Nothing more completely baffles one who is full of trick and duplicity than the straightforward and simple integrity in another.

The Oxford Dictionary defines integrity as "wholeness, uprightness, and honesty". The World Book Dictionary defines it as "honesty and sincerity". A man of integrity is a respected man and I believe it is our duty as members to be respected men and women. I believe that a re-dedication to those principles for which our forefathers and predecessors stood is necessary if we are not to slip back into the morass of a totalitarian state. Popularity and public acclaim are not the measure of a man. What should matter most to hon. members is that we conduct the business of our country with integrity. We should, when necessary, operate as a trust, doing the unpopular thing when it is in the best interest of the country so to do and always foregoing self-interest. As the business leaders of Canada entrusted with the affairs of this nation, we must at all times exercise integrity.

Some hon. members may greet this suggestion with cynicism but it is not too difficult for the thinking person to see the practical values of integrity. It is both efficient and economical and although not always easy to practise its reward is serenity of mind.

I should like to suggest to the Minister of Finance and our government an area which I call the erosion of our tax base through business failures, namely, bankruptcies. Our government has and is doing something about this situation, but I urge them to speed up the process and save the consumer, the farmer, the businessman and corporation from the terrible loss through bankruptcies which, last year were in excess of $500 million in Canada.

Daily in our local papers we have been reading about the scandalous collapse of one of our largest finance companies. I quote from an article in the *Globe and Mail* of February 4, 1966:

> Responsibility for the collapse of Atlantic Acceptance Corporation Ltd. last summer, rests entirely with a small handful of not-so-clever—but completely arrogant—scoundrels, thoroughly familiar with the bankruptcy game.

• (2:50 p.m.)

Some of the scandal took place in the constituency of Middlesex East. Just south of 401 highway—excuse me; it is known now as the Macdonald-Cartier Freeway—on one of the main access routes to London, Wellington Road, is situated a famous shopping area known as Treasure Island. It was here that a lawyer and a London businessman set up Wildor Holdings Ltd. and, either intentionally or unintentionally, they, along with some of the principals in Atlantic Acceptance Corporation, proceeded to demonstrate how to turn the corners in business. According to the reports in the London *Free Press*, even before the British Mortgage and Trust Company had advanced the moneys under the first mortgage, a particular gentleman had his hand in the bread basket and received some $10,000 for processing the first mortgage. It appears to me that a certain London lawyer seems to have been rather closely connected with this transaction.

Then suddenly we find the principals of Treasure Island running out of moneys to complete the project, so the British Mortgage and Trust Company foreclosed under their rights as the first mortgagee. At that time there was outstanding over $335,000 in mechanics liens against Treasure Island by local firms and supply houses. In addition, there were several thousands of dollars in judgments against this property. The businesses concerned, which had trusted the integrity of these London businessmen and this lawyer, now find themselves with their equity completely wiped out.

The next thing we know is that Treasure Island is refinanced by Atlantic Acceptance Corporation. The people of our area naturally expected some new principals. But who are the principals? None other than Wildor Holdings Limited. The same London lawyer and businessmen are involved. They finish Treasure Island and negotiate with a local farmer for an additional two acres of land on which to build an arena. Under the guiding hand of this London lawyer they pay $6,000 for the two acres of land. But the property is registered in the name of a relative of the London lawyer and is immediately sold to Wildor Holdings Ltd. for a mere $100,000.

Someone cut the $94,000 melon. It would be interesting to know who got a slice of this melon. Maybe the Minister of Finance could bring this to the attention of the Minister of National Revenue (Mr. Benson). I should like to press for a thorough investigation into this Treasure Island debacle. Many of my constituents suffered while these fellows hid behind the law.

I could go on talking about this fraud at great length. I ask hon. members to realize that this happened right under the noses of our provincial authorities. Something is very much wrong with the administration of our laws when these rascals can fleece the small businessman and not be brought to justice. Let me remind you, Mr. Speaker, that this happened in my riding and not in the province of Quebec. Allow me to quote from an article in the *Globe and Mail* of February 4, 1966:

> Many of the characters in the Atlantic affair were old hands in the bankruptcy game. We recognize a number of the individuals, and had known of their association with Atlantic for a long time.

Many of these names were also associated with British Mortgage and Trust, in which a large number of my constituents also lost heavily along with constituents of the hon. member for Perth (Mr. Monteith). Several of our older residents lost much of their savings and stocks last July before Ontario finally stepped into the picture and guaranteed the depositors. I urge the minister to consider bringing all near-banks and other such institutions which are taking deposit moneys under one single act so that we can in future avoid this rocking of our financial structure. The president of Clarkson and Company says: "Atlantic is probably the worst blow the free enterprise system in Canada has suffered in many years." I do hope that these individuals are pursued and brought to justice.

Let us look at some of the statistics on bankruptcies. In 1946 defaulted liabilities in Canada totalled $6 million, with 278 estates in bankruptcy. These jumped in 1950, the first year after the 1949 amendments to the Act, to 1,303 bankruptcies and $25 million of defaulted liabilities. If we admit the principle of the relation of cause to effect, we must conclude that the 1949 amendments resulted in an immediate increase of 500 per cent in the number of bankrupt estates and 400 per cent in the liabilities of bankruptcies in 1950 compared with 1946.

The operation was becoming so profitable that this increase continued, and at the end of 1963 the amazing figures were reached of 3,678 estates in bankruptcy and $193,700,000 in defaulted liabilities. It is a truly devastating torrent, and this during the most prosperous years experienced by Canada.

Confronted by this plague, certain associations and groups prepared some 47 briefs and presented them to the Minister of Justice (Mr. Cardin).

In reply to these briefs and to the suggestions made by these associations, it was stated in judicial circles that the Bankruptcy Act was well thought out and protected the creditors provided they used it when they believed their rights to have been encroached upon. Without pretending to know more than these lawyers, I do maintain that when creditors are systematically victimized by these organized frauds they are not at all protected by the Act. On the contrary, they are being duped. The responsibility for pursuing these bankrupts falls on the shoulders of the creditors who have already lost very heavily. It also becomes the responsibility of the creditors to inform the Superintendent of Bankruptcy.

What are the duties of the Superintendent of Bankruptcy? The answer is given in Section 3 of the Act. After speaking about his appointment by the Governor General in Council, subsections 2 and 3 contain provisions as to the powers and duties of the superintendent. The part most interesting to creditors is paragraph (f) of subsection 3 which says that the superintendent shall—

> —receive and keep a record of all complaints from any creditor or other person interested in any estate and make such specific investigations with regard to such complaints as the superintendent may determine.

It must be noted that if the Act in using the word "shall" binds the superintendent to do a certain thing, the same act gives him complete freedom when it uses the word "may", because if the superintendent does not have the appropriate staff or the appropriate funds then there is physical incapacity. I strongly recommend that the phrase "may determine" he changed to "must determine" to do away with this distinct weakness in the present Act, and I urge this house to consider immediately the new amendments to the Bankruptcy Act found in Bill S-17 of the Senate. Surely the urgency of this matter is very obvious to hon. members when we consider the losses to individuals, businessmen and corporations during the last ten years.

In 1955 the number of estates in bankruptcy was 1,795. In 1960 this number had risen to 2,828. Here are the figures for subsequent years: in 1961, 2,659; in 1962, 3,190; in 1963, 3,678; in 1964, 3,606; in 1965, 5,003. I would draw the attention of hon. members to the fact that in 1946 there were 278 estates in bankruptcy whereas last year there were no less than 5,003 estates in bankruptcy. Between 1955 and 1966 there was an increase of some 3,208 bankruptcies. Most surely, part of this increase must have arisen as a result of planned bankruptcies.

What about the defaulted liabilities over the period from 1955 to 1965? In 1955 total defaulted liabilities amounted to some $53 million. In 1960 the total was $174 million. In 1961 it was $116 million; in 1962, $149 million; in 1963, $194 million; in 1964, $203 million. In 1965 it had risen to $392 million, a figure which does not include the loss amounting to more than $100 million sustained by over 40 businesses which were put into receivership following the collapse of Atlantic Acceptance Corporation. I consider these figures conclusive evidence that the bankruptcy racket does erode the tax base, and that these losses must ultimately be borne by you and by my constituents, as well as causing many innocent victims to suffer injustice.

• (3:00 p.m.)

I believe the Minister of Justice (Mr. Cardin) has given the reason why changes in the act are necessary when he stated as reported at page 2211 of *Hansard*:

> I am also very anxious to explain to members of the committee the difficulty which the minister has in trying to administer a very complicated, awkward, and obsolete act, in trying to deal with what has become sophisticated and, I understand, organized crime in the field of bankruptcies.

I urge that a committee study Bill S-17 and that immediately this committee make recommendations to the house for changes in this obsolete Bankruptcy Act. The Minister of Justice on March 4 outlined some of the changes to the act. These changes could return some integrity to business, instead of such scandalous reports as these.

In summary, I urge you to look at the figures. In 1946 the number of estates in bankruptcy were 278, with a total liability of $6 million. In 1949 the Bankruptcy Act was revised, and immediately bankruptcies jumped, so that in 1950 there were 1,303 estates in Bankruptcy with a total liability of $25 million. This bankruptcy operation was

booming—and by the end of 1963 the number of estates in bankruptcy had risen to the amazing figure of 3,678 with a total liability of $194 million. This is a devastating amount.

In 1964 the Attorney General of Quebec instigated a special investigation squad to check into bankruptcies, and under the present laws was able in 1965 to reduce bankruptcy liabilities in Quebec by some $5 million, and the number of estates in bankruptcy by 123.

What happened in Ontario, which also had a special squad of investigators, according to the deputy attorney general of Ontario? Ontario's bankruptcies jumped from a total liability in 1963 of $84 million to a total of $260 million in 1965, and this does not include the over $100 million caused by the Atlantic Acceptance debacle. Sir, this Atlantic Acceptance scandal has rocked the financial structure of our country; therefore I urge the Attorneys General of all provinces to take action to stop this fantastic situation.

We all know that the administration of justice is a provincial responsibility, but I urge co-operation with the provinces to investigate all fraudulent activity, in fact every estate in bankruptcy. Bankruptcy liabilities in Ontario increased by over 325 per cent from 1964 to the end of 1965, and in Canada by over 88 per cent. Therefore I urge the Minister of Finance, along with the Minister of Justice, to help the provinces fight this scandalous monster, bankruptcy.

Mr. McCutcheon: Would the hon. member permit a question?

Mr. Lind: Certainly.

Mr. McCutcheon: Before asking the question may I say I believe this was the hon. member's maiden speech and I would like to compliment him on the excellent material he dug up for it.

Some hon. Members: Hear, hear.

Mr. McCutcheon: But I have one thought in mind. In his remarks the hon. member mentioned a certain infamous London lawyer, and many rascals involved in this event that took place in his constituency. There are many reputable firms of lawyers in the city of London and I think the hon. member should name the one to whom he has alluded. We have had plenty of broadside accusations around the house recently, and I wonder if the hon. member would give the name.

[Mr. Lind.]

Mr. Lind: I would be very glad to answer. I think if the hon. member would just go back and read the recent issues of the London *Free Press*, dealing with the investigation, he will know the London lawyer to whom I have referred.

Mr. J. R. Keays (Gaspé): Mr. Speaker, I welcome the opportunity to speak in this debate and I assure the minister that in any comments I make I do not wish to be offensive. Rather I hope they will be a contribution to help the thousands and hundreds of thousands of financially distressed people across the country who are clamouring for a better budget than this.

The budget presented during this session was nothing but a blanket blast at the Canadian economy, ignoring priority needs and promotional measures in areas of slow development. The economy in general is booming and the chief preoccupation of the government should be to sustain economic growth of such a nature as to prevent that unwanted spiralling price structure called inflation, the curse of all boom periods.

The government at such a time should appraise its own fiscal policies by taking a hard look at its spending program, curtailing projects where possible and giving high priority to those projects in areas of high unemployment which do not require the skilled labour of which we are so short today—projects which are ready for execution. In other words, I regret that the minister did not take a positive approach to the problem.

He has looked negatively at the Canadian economy. He has taken steps which will not reduce the inflationary pressure but will only serve to prolong this dreadful period and have it followed by a recession, which will place us in a position similar to 1956-57. What a retrograde step to be taken by a government which won the faith of an electorate by its promise to give the Canadian people a bold, imaginative and daring team. The positive approach would have been so reassuring for all Canadians, be they manufacturers, producers, service industry workers or consumers.

The government has not heeded the warnings of the Porter commission, which recommends the removal of all impediments to the free use of monetary and fiscal policies to meet the present situation. It has not thought it advisable to encourage productivity as a means of combating inflation. It wants to

discourage productivity, but I warn that increased productivity is an essential basis for continuing prosperity.

I quote from an article which appeared in the *Globe and Mail* of April 15 which tells how Canadian General Electric increased productivity:

> The company purchased declining businesses and stimulated them to higher levels of production and employment and also acquired vacant plants and re-activated them as basic approaches to the expansion program.
>
> • (3:10 p.m.)
>
> In the first category, Canadian General Electric bought the Scarboro plant of John Inglis Co. Ltd. of Toronto and Amalgamated Electric Corp. of Markham, Ont.
>
> In the second category, the company bought inactive plants at St. Andrews East, Que., Lachine, Que., and Trenton, Ont.
>
> "At the time of their purchase by us, none of the last three plants was contributing a single man-hour of production to the Canadian economy."

There, Mr. Speaker, you have one of the positive approaches by a progressive company to meet the demand for increased productivity in our country. Had the minister, with all his imagination, brought forth measures to encourage the reopening of so many of those plants in Canada which now are closed, we would have had a part solution to the problem of inflation through this increase in productivity.

This is the sort of encouragement which the Budget should have brought in. An increase in the output of goods per man unit is essential to the social and economic growth and the full utilization of all plant and machinery, of all human resources not now employed, and can lead only to improved productivity and availability of products for all. These are the ingredients for a full fledged growth with sustainable yield—the true hope for the future.

During the life of an ordinary economy we seem to concentrate our efforts more to settling the problems existing in the urban areas of the country. This is understandable, because in these areas the people living there first of all are faced with having to pay rent and do not have many of the facilities which those living in the rural areas would have. Therefore, in a time of recession their problems probably are more pressing. How can the minister explain that in a period of high employment, and with the fact of shortage of labour in the urban areas, we have not concentrated our efforts in those areas of Canada where there exists high unemployment, and thereby give to those people a level of income which would be equal to that enjoyed by those living in the areas of high employment.

This is a time when we should concentrate on these slow growth areas, the financially distressed areas, because we claim there are no more problems in the area of high employment. Therefore, why not direct our attention to the problems in the slow growth areas and thereby raise the incomes of those who have been waiting so long and so desperately.

It is difficult to understand why harbour and marine works in coastal areas are being restricted, when the minister knows very well that projects of this nature do not necessarily require all skilled labour. Also by this method of restriction we are impeding the possibility of increased productivity which after all should be our main concern today. By holding back these possible developments in designated areas we are planning to put these areas in a severe depression whenever we will face inevitable recession, which we will have by the effect of this Budget.

Our national capital market is being strained. The new 5 per cent forced savings tax on corporations will widen the gap between the available capital and the outlays for means of expansion, which in many cases are essential to survival of many of our corporations. The minister's intentions may be good, but how does he expect that large corporations with plans on the drawing board, with personnel available to administer a larger business, with a program geared to greater production, can hold back their investment plans. They will obtain their financing from other sources and thereby add to the cost of plant and equipment which can be repaid only—and I repeat only—by increasing naturally not decreasing, the price of goods to consumers. These companies must remain competitive and are forced to continue the normal requirements of expansion. There may be a few companies which because of the lack of capital will be forbidden to expand, but many of them will not stop their expansion programs by reason of this forced saving of 5 per cent.

What this will mean is that it will cause these companies to pay 6, 6¼ and six and a half per cent on their loans, and then in a few years they will get a rebate on their loans of 5 per cent interest. This cost of plant will be reflected in the cost of consumer goods.

The Minister has not found it proper immediately to eliminate the sales tax on production machinery and building materials. As I said earlier, plans to expand are going on, notwithstanding the forced savings on corporation profits. By planning the gradual elimination of the sales tax on machinery, we are only prolonging the inflationary period in which, when competition becomes more severe, we will not be in the same league as those who will be competing for markets, either domestic or foreign. If eventually we are forced to sell to meet competition, then our corporations will not be making a profit and, this being so, will not be an asset to our country.

When I realize that power chain saws are subject to the 11 per cent sales tax, I cannot understand the reasoning behind such a move. We are penalizing the woodsman because he wishes to work, and are endeavouring to discourage him from producing more. Measures of this kind are not conducive to increased production. We have discouraged home building. I can refer the minister only to a statement made by Mr. Jean-Yves Gélinas, president, National House Builders Association. Mr. Gélinas states, as quoted in the *Globe and Mail* of April 7:

> Government policy has helped push house prices beyond the means of many Canadians. The 11 per cent federal sales tax that remains on building materials contributes to inflation. In a tight mortgage market the builder finds himself in the position of a drowning man coming up for the third time and having the government reach forth and pull him from his predicament through the simple expediency of putting some mortgage money on the market. The government is the hero. Of course what is forgotten is that the rescuer originally pushed the victim in.

The article goes on to say:

> The industry was asked last year by the federal government to gear itself for a doubling of production. he said, but such planning requires an assurance that mortgage money will be available.

Then Mr. Gélinas proceeds to say:

> • (3:20 p.m.)
>
> Today the government, in its concern about inflation, has taken a deliberate course to restrict mortgage funds available under the National Housing Act.

Further on he states:

> In some areas it appears that C.M.H.C. has refused to approve loans for pre-sold houses to home-owner applicants. It is our contention that this policy is not halting inflationary trends, but rather it is contributing to inflation.

There you have a statement by the president of the National House Builders Association with regard to a problem which in itself is of great concern to all Canadians. The country is aware of the fact that we do not have the funds necessary to continue public housing because the commitments of 1965 were not in keeping with the increases of the preceding two years. There is in this country a shortage of housing and the government does not seem to be fully aware of the danger of allowing a regression rather than an increase, which there must be to meet the demand for housing and the immediate need for slum clearance.

The daring budget was not heard. There is no imaginative undertaking. We have not ventured into new grounds for increasing productivity. We are satisfied to withhold expenditures in those areas of high employment, forgetting totally those hundreds of thousands of Canadians who live in depressed areas and we seem to condemn them forever to a secondary way of living. I do hope the minister will reconsider the sad effects that his budget will be creating in the areas of high unemployment and will take steps to cause a greater concentration on a settlement of the problems in these areas, and thus bring their level of income within striking distance of those living in the high employment areas of our country.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the budget proposals of the Minister of Finance (Mr. Sharp) when he spoke several days ago can only have the effect of making the rich of this country richer, and of the poor and the sick continuing to live in poverty and ill health. If the minister has ever heard of the idea that a budget should be used to redistribute the income of the people of the country on a more equitable basis, he certainly did not give any indication in the budget that he considered this principle of any importance. This budget is characterised by its tremendous concern for the status quo, for not interfering with the right of business to make a profit under any circumstances.

Today I wish to speak about one phase of Canada's life which I think the minister ignored completely. I refer to the fact that if this country is to progress as it must, there is an immediate need for a tremendous increase in our efforts in the field of scientific research. The present Minister of Citizenship and Immigration (Mr. Marchand), while he

was president of the Confederation of National Trade Unions said in a speech in Montreal just over a year ago:

> The core of modern economy is research, yet here we are spending 1 per cent of the U.S. research figure. We are situated in the zone of influence of the largest economy in the world, yet we have done virtually nothing towards research—the driving force of any economy.

The Minister of Industry (Mr. Drury), speaking in March of last year in the city of Montreal, said:

> The need for more research means that first priority must be given to the universities and other educational institutions, to ensure a continuing supply of qualified engineers and scientists in future years.

In the same speech the Minister of Industry gave a list of nine countries and showed the percentage of their gross national product which was being spent on research. Interestingly enough, Canada is at the bottom of the list. The United States spends 2.84 per cent on research, the United Kingdom 2.37 per cent, Soviet Russia 2 per cent, Japan 1.48 per cent, West Germany 1.18 per cent, Sweden 1.7 per cent, France 1.5 per cent, the Netherlands 1.4 per cent, and Canada 0.86 per cent. In the light of these figures and the statements of these two ministers with regard to the importance of research, what do we find in the budget speech of the Minister of Finance? The minister makes the announcement that because of the boom the government has decided that a building required by the National Research Council, the major research organization in Canada, will not be proceeded with this year because we simply have to slow up the boom.

On the day on which the minister's budget speech was reported in the Ottawa newspapers there was a report in those same newspapers that one of the large builders in the city of Ottawa was going ahead this year with the construction of a $30 million office and apartment complex. He did not listen to the minister's call for restraint, for a stretch-out. I do not blame him. He was interested in making a profit. There is nothing wrong with that. He is interested in building facilities which people with money are willing to pay for, so he is going ahead.

I suggest that if the minister was concerned about the boom and directing it, instead of simply announcing that the government will not go ahead with necessary projects, projects of the greatest importance to the welfare of all the people of this country, he would have considered, as he has not, some system of priorities so that if we have to curtail our building boom at all we would curtail those things which are of the least importance to the Canadian people.

The need for an increase in the expenditure of money and effort for research was very well documented by McGill University in a submission they made to the Bladen Commission. I want to read in summary some of the things they said. They point out, with regard to the biological sciences:

> While comparatively well-supported, these sciences are in fact not given the support they should have, and their strength is comparative only.

Then they say that Canada is not putting enough money and effort into research and therefore all the areas of endeavour are under supplied. Then they say further:

> In the case of the biological sciences, the main concern at present is the loss of American funds due to the change of policy whereby research funds are to be spent within the United States rather than outside it.

Has there been any announcement by the government that there will be a replacement of these funds? If there has, I have not heard of it and neither have the universities. What do they say about the physical sciences? This is what McGill University had to say in this submission:

> The physical sciences are in a worse plight, both comparatively and absolutely. The cost of sophisticated equipment is now becoming such that a scientist being invited to join a university staff will often detail his equipment and funding needs as a condition of his acceptance. The shortage of staff in the physical science departments, due in part to the opening of new universities, the drain to the States, and the continual movement into industry, put the chairmen of these departments into a most unenviable position.

These are just two illustrations of the problems that McGill University is facing. In their submission to the Bladen Commission they made some very specific recommendations.

• (3:30 p.m.)

I want to quote just a few of them:

> That the government at least double the funds now given to universities to support research in the sciences, with the particular intention that institutional block grants may be greatly increased.
>
> That the government declare forthwith a policy of replacing United States financial support with grants from its own funds, as that support is withdrawn from Canadian projects.
>
> That the government allow an overhead institutional charge of 40 per cent of the total amount of all grants made to academic personnel working in Canadian universities.

This is just one illustration, Mr. Speaker. Several months ago in December 1965, a brief was presented to the government outlining the needs in the field of medical research in Canada. This brief was endorsed by about 100 of the most prominent medical scientists in Canada. I want to read a few sentences which outline the position of the medical researchers as they see it. I quote:

> Although financial support has been increasing, medical research in Canada today is being conducted on an inadequate scale. As the Royal Commission on Health Services commented: "Available funds lag behind the amounts needed for the support of research".
>
> A substantial increase in capital and operating support for medical research in Canada is needed at once. The key consideration is the creation of conditions which will encourage teacher-scientists to remain in Canada and in teaching and research; which will encourage Canadian teacher-scientists and graduates now in the United States to return to work in Canadian universities and hospitals; and which will encourage undergraduates to take up research in the medical sciences as a career. Unless a more favourable environment for medical research is provided as a matter of urgency, the skilled manpower on which all else depends will be inadequate both in quantity and quality.

The figures supplied to us by the United States Immigration Department indicate that every year for the last five years at least we have been losing scientists and research people at a fantastic rate. We have been losing in the neighbourhood of 500 doctors, 500 engineers, 500 professors and scientists of various types. A report issued last week by the O.E.C.D. indicates that Canada is losing scientists at a greater rate, three or four times the rate of other countries in western Europe. There is no indication from the minister that anything will be done about this situation. It is not a new situation. It is one which, as I have indicated, has already been brought to the attention of the government.

I have before me an article which appeared in the Toronto *Globe and Mail* in October, 1964. It is datelined, Chalk River, and I should like to quote two paragraphs:

> Canada is reaching a stage where it must consider providing facilities for research in high-energy physics and improve its support for low-energy physics research, the director of the physics division of Atomic Energy of Canada Limited said yesterday.
>
> A small team of researchers who work in the frontier of these fields is essential to the development of a modern technological society, Dr. L. G. Elliott suggested in an interview. They constitute a very high level educational group which trains the teachers who in turn train the country's engineers and scientists.

[Mr. Orlikow.]

Well, this was written a year and a half ago. What has the minister and the government done about it? They have done nothing. Then in January, 1965, another article appeared in the *Globe and Mail*, and I want to read just a couple of paragraphs from it:

> Four Canadian universities that are constructing basic science buildings may be forced to plead for a grant from the United States to equip them because the Canadian government says "no mechanism exists" for such a capital grant.
>
> Dr. D. V. Bates, assistant dean for graduate studies in research, faculty of medicine at McGill University, said yesterday that Canada's most urgent research need is for nearly $4 million to equip new buildings at McGill, Dalhousie, University of British Columbia and the University of Western Ontario.
>
> "We can't bring scientists and show them empty floor space. How can we recruit good men? They can't work without tools", he said.

I believe these illustrations I have given indicate clearly the need. Because of my interest in this subject, I have had correspondence with a large number of scientists across Canada. Since we have been asked to restrict our remarks so that we can finish the debate, I would like to quote from just two communications which I have recently received. One is from Dr. John Beck, who is the physician in chief at the Royal Victoria Hospital and director, McGill University clinic. I will just read one paragraph in which he says:

> In the current year research support applied for in the fall of 1964, for the year 1965-1966, amounted to $681,939. Of this amount the M.R.C. granted $371,958 or approximately 54 per cent of the money requested. I personally reviewed all the applications with the investigators concerned and can assure you that the requests made were in no way out of line. If these investigative groups are to continue to compete with their confreres in the U.S.A. then they must have the facilities, both equipment and personnelwise, to carry on with the ideas which they have put forth.

Then, Mr. Speaker, I have a letter from the head of the Department of Pharmacology at the University of Manitoba, Dr. Nickerson. He said, and I quote:

> We have had no serious recent financial setbacks, but have suffered like everyone else from the trimming around the edges which has been necessitated by the limited M.R.C. budget. As you know, most of the increase in funds to this agency has been offset by the transfer of responsibilities previously covered by health and welfare and other bodies which have not had comparable increases. After standing commitments were taken care of, we could give only 47 per cent of the money requested for new and renewal annual grants this year. This meant that funds classified as B1, highly desirable but not absolutely essential, could not be granted, and the expansion of a number of our projects fell into this category. It was hoped that

these could be covered by the supplemental appropriation, but from the letter which arrived today, it appears that this allowed only a small part of the B1 category to be funded.

This letter from Dr. Nickerson was written on April 19 of this year. In the light of this, is it surprising that an increasing number of Canadian scientists in the field of physics, chemistry, medicine and other types of research leave Canada and go to the United States? I once tried to get the Dominion Bureau of Statistics to estimate the cost to Canada of educating these highly skilled people who left Canada. Finally, after a great deal of thought, they estimated the cost in this respect at something like $25 million a year. In the report to which I alluded, the report of the committee on research at McGill University which was submitted to the Bladen Commission, the cost was estimated at $75 million a year. It sems to me, as so often happens in this country, that this government is being penny wise and pound foolish. Faced by a problem, we find that the government has fallen into the usual trap which one can expect from Liberal governments, and allowed things to continue as they were.

• (3:40 p.m.)

This means, as I said at the beginning, that those who are wealthy will continue to be wealthy. The builder that I mentioned earlier in Ottawa who is no different from other builders in Montreal, Toronto, Winnipeg, Edmonton or Vancouver will not only continue to be wealthy but will become wealthier and wealthier. That will be at the expense of the Canadian people, and science will continue to be ignored.

In this connection may I read from a letter which I received, dealing with this subject, from the chairman of the Manitoba Economic Consultative Board, Mr. B. H. Kristjanson, who is a very experienced and highly respected civil servant. In fact he is a top person. May I quote a couple of paragraphs from his letter:

> A basic problem in slow-growth areas such as the prairie region is that the public sector has to carry a large part of the costs. Head offices of giant corporations are not located here and the smaller firms carry on little, if any, research. Our own public revenues are also relatively limited. Indeed we are hard pressed to meet general education requirements for teachers.
>
> At the same time we believe that an increase in the growth rate in this region requires a significant increase in the investment in science and technology applied to the resources of the region. This led us to recommend the establishment of a research park with a view to assembling an effective constellation of scientific talent at one spot. We have estimated that a group of fifty scientists would call for a budget of perhaps three million dollars per year.

Mr. Speaker, I pause for a moment to say that an expenditure of $3 million a year in the field of basic research in the province of Manitoba is a very small amount of money when one looks at the tremendous sums spent on such projects—and I am not being critical —as Expo '67 or the Pan American games which will be held next year in my own city.

I continue quoting from the letter I received from Mr. Kristjanson:

> My principal concern is that the effort be on a scale sufficiently large to merit the respect and attention of scientists on this continent. And here is where a fair amount of money will be required. This is where it seems to me that a federal allocation of funds would be very much in order. The need is to provide sufficient funds to be able to attract first-class personnel and to allow an inter-disciplinary approach to problems.

I agree completely with Mr. Kristjanson. If one studies the budget proposed by Minister of Finance he will see that if the minister does not disagree with the proposal put forward by Mr. Kristjanson, he has succeeded in ignoring it completely. If there is anything in the budget which could really give hope to Canadian scientists, I have not been able to find it.

I want to conclude by reading one sentence to the Minister of Finance from a speech made by Dr. Hans Selye, one of Canada's most distinguished and outstanding medical researchers. I quote:

> Would it not be wise, for example, to put aside a small fraction of the huge sums we pay for a semblance of armed security, to develop for our children the foundations of a distinctively Canadian culture and scientific effort?

I commend those words to the Minister of Finance and hope that if he cannot give to them the consideration in the year 1966 that they warrant, that he will perhaps do so in 1967. If he does that, Mr. Speaker, he will deserve the thanks of all Canadian people.

[*Translation*]

Mr. Jean Chrétien (Parliamentary Secretary to Minister of Finance): Mr. Speaker, as this is my first opportunity to rise on the budget debate as Parliamentary Secretary to the Minister of Finance, I preferred to wait a few days before giving the house my views on the current budget in order to know exactly what kind of criticism the opposition parties could direct at the Budget speech of the Minister of Finance (Mr. Sharp).

I would have thought that the opposition parties would at least find one common ground to justify their attacks on the government, but such was not the case, and I realize that most of the newspapers were right in saying that the present budget was built on solid ground. As a matter of fact, if the main editorials written on the present budget were to be reviewed, they would prove to say almost unanimously that this was a realistic and adequate budget, taking a positive view of problems and offering adequate solutions.

If we analyse the budget, we realize that the Minister of Finance had in this budget presentation two main objectives in mind on behalf of the Canadian people.

First, the minister indicated his intention to lay down policies designed to extend the present period of prosperity, unprecedented in the history of this country and secondly, he is striving meanwhile to contain as much as possible the increase in the cost of living through stabilization of prices and production costs.

It is generally recognized that we are in the sixth year of continued prosperity in Canada, without any let-up of the economy and that our production capacity has reached the highest level in many years.

In fact, statistics prove that the unemployment rate decreased in 1965 to an average of 3.5 per cent, a rate unequalled in the last twelve years at least and, according to forecasts found in the budgetary papers included in the white paper tabled by the Minister of Finance prior to the budget speech, it is obvious that the growth of our economy will remain at an unexpected level, even unhoped for, in 1966, and that will improve the situation in the weaker economic areas.

However, too quick a growth creates strong pressures on the Canadian economy, particularly in some more favoured areas such as the larger centers of the following provinces: Ontario, Quebec, Manitoba, Saskatchewan, Alberta and British Columbia.

During the weeks prior to the budget, the governor of the Bank of Canada, Mr. Rasminsky, told Canadians about the imminent danger facing an over-extended economy which could result in a blow-out in the economic system, and he said that to avoid serious difficulties, it would be in order to take concrete steps to reduce the pressures on domestic demand.

Excessive demand has resulted in the last few months in a noticeable increase in prices

in various sectors of the economy, particularly in the field of construction where production costs are excessive in several parts of Canada.

• (3:50 p.m.)

The President of the Economic Council of Canada made a speech in Toronto a few weeks ago on the same subject; he, too, warned Canadians against the danger of an overextended economy. Now, the Minister of Finance, after analysing the situation, came to the conclusion that it is time, not to check the economic growth but to rationalize it in that the level of the economic growth must be maintained at a reasonable percentage in order to achieve the intended goals. To this end, the minister proposed to restrain the excessive increases in the demand in some areas and encourage the productivity and the competitive position of the Canadian industry.

He suggested, for instance, that the sales tax on production machinery and equipment be progressively reduced in order to enable industrialists to plan their investments instead of making them all in the same year, as there was an impending danger, following the forecasts for 1966, that the industrial sector of the Canadian economy was again planning huge investments, which would have exerted still greater pressures on our economy.

Now, by withdrawing progressively the sales tax on production machinery and equipment, the Minister of Finance wanted to induce various industries to make only the investments which were absolutely necessary and he was satisfied to learn that industrialists will invest in 1966 more than they invested in 1965, in order to meet immediate demands.

In withdrawing progressively the tax on production machinery and equipment, the minister induced those who were not forced to make immediate investments to postpone them so that our economy may continue to improve in 1967 and 1968.

I believe, Mr. Speaker, that this is a worthy and fair initiative because, since the demand has been too heavy in 1965, and was anticipated to be even heavier in 1966, it was of the utmost importance to give the industrial sector a valid reason to postpone projects which are not absolutely necessary in 1966, till 1967 or even 1968, when the economy may be in need of these investments which would have worsened the pressures in 1966.

The minister forecast, despite this initiative that some consider untimely for fear of a

slowdown in the economy in 1966, the minister, as I say, forecast that the Canadian economy, would in the 1966 fiscal year produce 8.5 per cent more than in 1965. That is, in spite of the measures taken by him and calling upon investors not to go too fast in 1966, the minister estimates that the gross national product will increase by 8.5 per cent in 1966, the level considered appropriate for the Canadian economy to develop, without creating overheating difficulties. As I said previously, we are in our sixth consecutive year of economic expansion. This is the longest period of expansion ever experienced by this country in peacetime. In the past, such periods were often followed by depressions. However, if we manage our affairs soundly, there is no reason why there should be a regression after this prosperity. On the other hand, if we allow certain pressures to build up, then we will find ourselves in a situation where prices and costs will increase excessively, and if there is an excessive increase in capital outlays, then we will be in a period of difficulty.

What the Minister of Finance sought to do was to hold back certain capital expenditures so that the long-term requirements of Canada could be met without causing great fluctuations and our present capacity of meeting our investment needs would not be overtaken by demand in that field.

The *Second Annual Review* of the Economic Council of Canada points out how industrial investments can be a factor contributing to the instability of the Canadian economy.

> Declines and expansions in investment have historically been an important factor contributing to the unstable and uneven growth of the Canadian economy.

That is what the report says. Then the council points out that, even if the actual volume of such investment will have to go on expanding considerably from current levels if potential output is to be attained in 1970, the recent rate of expansion in investment spending is clearly not sustainable on a long-term basis to 1970 and beyond—see page 29 of the report.

The council mentions that any program to stabilize the expansion must tend to encourage an upswing in business investment with as close a relation as possible to potential growth of production. That is why the council recommends:

> —that careful examination of possibilities for postponing and stretching out major construction projects in areas of particularly acute shortages of construction manpower and capacity.

See page 186 of the report. That is exactly what the minister did.

Mr. Speaker, I think the Minister of Finance showed a great deal of imagination and objectivity when he used the 11 per cent sales tax on production machinery and equipment as an instrument for planning Canadian investments.

In fact, some industrialists are not going to invest in 1966 and will decide to wait for a year, if possible, in order to benefit from a 5 per cent reduction on machinery and equipment they will have to use in their new undertakings. Those who are not in such a tight position may wish to wait two years before making the investments they deemed necessary, in order to benefit from the full exemption, that is 11 per cent on machinery and equipment.

As reported in Mr. Newman's column in the Toronto *Star* the day after the Budget speech, it is a very new concept of the federal budget and I quote:

• (4:00 p.m.)

[*English*]

> Despite the caution inherent in his approach, Mr. Sharp boldly rejected the old fashioned idea that governments tax only to raise money. Instead, the new Minister of Finance firmly established his intentions of using taxation in its much more creative application as an instrument for modifying the nation's economic trends.

[*Translation*]

One of the criticisms often raised during this debate, which I should like to point out, came from the opposition members representing the Atlantic provinces who claimed that this budget did not meet the requirements of the economic situation in that part of the country, where economic conditions may not be as good as elsewhere in the country.

However, coming myself from a riding which is a designated area because its unemployment rate was recognized as being over the Canadian average, I can point out to hon. members that the Department of Finance admits there are in the country some areas where unemployment is a problem which has not yet been completely solved and which deserves particular attention.

But, before talking about the appropriate measures, allow me to point out that unemployment has decreased enormously in the disadvantaged areas of the Canadian economy. At page 29 of the economic white paper,

I find, table 16 which shows the unemployment rates by region.

Well, if I take the unemployment rate for the Atlantic provinces, I find that in 1965 that rate was the lowest since 1956. In fact, in 1957, the unemployment rate in eastern Canada stood at 8.4 per cent; in 1958, 12.5 per cent; in 1959, 10.9 per cent; in 1960, 10.7 per cent and in 1961, 11.2 per cent, etc.

In 1964, the rate was down to 7.8 per cent and, in 1965, to 7.4 per cent; that shows clearly that in the last few years the situation has been much better in that part of Canada than it was in 1958, 1959, 1960 and 1961. However, we are ready to admit that this situation has not been completely corrected yet and it is necessary to give it particular attention.

In the present budget, the Minister of Finance adopted measures which will not be the same throughout the country in that all the existing measures to help areas which are faced with an economic slowdown will remain in force.

In fact, since the Maritime provinces and the whole of eastern Quebec are covered by the assistance program for designated areas, the present budget provides that those designated areas were not to be affected by the economic control measures proposed. Although amortization allowances with regard to property acquired in the next 18 months will be considerably reduced for a period of three years everywhere in Canada, the amortization allowance rate will be kept at the same level for the designated areas; that will create a more favourable situation for those areas which are faced with slower economic growth. Indeed, that sensible difference in amortization will encourage industrialists to look even more to those designated areas where the Department of Industry is already granting grants of up to 33 per cent for all new investments in machinery and industrial construction.

Moreover, in the designated areas, which include all eastern Quebec practically and all the Maritime provinces, the income of the new manufacturing or processing industries which are eligible for a three-year income tax exemption will also be exempted from the refundable tax of 5 per cent.

If we add to what I have already said the fact that the government intends to maintain and even increase its assistance to the Atlantic region, through numerous programs similar to ARDA, the $100 million fund for the development of the Atlantic region, it is obvious that the present budget favours the underdeveloped areas of Canada.

It is also to be noted that the government will maintain its public works program in the Maritimes, while it will be trimmed down in other parts of the country; it is unfortunate that the new policy on the causeway between New Brunswick and Prince Edward Island has been so badly misinterpreted.

It is well understood that the causeway will be continued and completed as per schedule. Only one change was made: a new work calendar was accepted so that the greater part of the work would be performed during the off-season, that is when unemployment reaches a peak, so that the project might contribute even more to the economy of those provinces.

There is one point, Mr. Speaker, which I would like to bring up because it is of great comfort to me, in that it is a new initiative which proves great imagination.

I mean the 5 per cent tax on cash profits, that is profits after tax deductions. In view of the $30,000 exemption, it is not meant for small businesses for after all they will not pay it. However, it is intended to deprive businesses temporarily of part of their cash profits which they might otherwise be tempted to spend on capital expenditures this year. As there is a shortage of labour and material in capital goods industries, including construction, any additional expenditures would inevitably lead to increased costs and prices as a result of competition between businesses for labour and materials already in short supply.

It must be noted, however, Mr. Speaker, that this new initiative does not apply in areas recognized as less economically developed in Canada, namely, the designated areas.

The funds paid to the federal government will bear an annual interest of 5 per cent and may be repaid at any time, from 18 to 36 months afterwards, thus enabling the federal government to release them when resources are subject to lesser pressures and allowing investments to keep on expanding at a more easily maintained rate.

This notion of a refundable tax on cash profits is an entirely new one. It is somewhat similar to the Swedish program also designed to regulate capital expenditures. It is different in that, except for this $30,000 exemption, all companies are taxed, whereas the Swedish system is optional. It is also different in that Swedish authorities have set no time limit for

repayment. In Sweden, finally, the funds can be released only for specific purposes or for use in specific areas. We believe that due to the situation in Canada, it is easier to achieve our aims by means of the provisions we have suggested.

Mr. Speaker, I would have a lot more to say, but a great number of members still wish to take part in this debate. I shall therefore conclude my remarks immediately. In conclusion, however, I should like to commend the Minister of Finance for having submitted to Canada an objective and realistic budget which was well received in all parts of the country. We only have to read the comments in the press to realize that the Minister of Finance was really successful in bringing down his first budget, as the new minister in charge of Canada's economy.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I am extremely sorry but I do not agree with the comments made by the hon. member for Saint Maurice-Laflèche (Mr. Chrétien), Parliamentary Secretary to the Minister of Finance, about the budget. Unfortunately, we are moving toward the end of the Budget speech, and all the necessary time to criticize it will not be made available to me because it would take me at least two hours to do so, especially to point out some of the deficiencies which could be found in it.

[*English*]

Mr. Speaker, I want to make just a few brief observations. Many of my colleagues have spoken on specific subjects and I would not like to repeat all that has been said. But there is one brief remark I would like to make at the outset, and I trust Your Honour will permit me because on Wednesday afternoon my colleague from Yukon (Mr. Nielsen) delivered himself of a considerable speech on a subject irrelevant to this discussion.

I have nothing personal in this, except to say it involved his region of the Yukon, my city of Edmonton and the province of Alberta. I would merely say that the nature of the extravagant language he used in describing the actions of the city of Edmonton demonstrated in reverse ratio the strength of the case he was trying to put forward. Having said that, I think cool reason and a responsible approach to what we both are trying to do will achieve success, rather than standing on the side lines firing off soaring fireworks of extravagant allegations.

There are so many things that could be said about this Budget. First, I am going to put on the record a quotation from Dicken's "Tale of Two Cities", with due apology to Mr. Earle McLaughlin, President of the Royal Bank of Canada—with whose remarks I do not always agree, but I think in this case this is an apt description of the picture the minister tried to portray the other night. In speaking of 1965 Mr. McLaughlin used this quotation:

> It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to heaven, we were all going direct the other way—in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only.

• (4:10 p.m.)

I think that this would describe the minister's remarks of self-congratulation on the achievements of the administration which he represents, so far as fiscal and monetary conditions in Canada are concerned. Well, all we got out of it was that the minister finally admitted, after many denials by representatives on the government side, in the previous year, in the face of charges by members on all sides that inflation was becoming rampant in the country, that these were because of certain actions taken by the government—not by this minister, but by his predecessor. Therefore I certainly cannot share his remarks at the time of the Budget with regard to the actions of his predecessor, because I do not believe there have been any actions although perhaps well intentioned and well meaning, as foolish as those taken by his predecessor.

In so far as inflation is concerned, the minister is attempting to deal with it; but as my colleague from Carleton (Mr. Bell) pointed out yesterday, the minister's hands are tied by the policies of his own government in the previous years. The present Minister of Finance (Mr. Sharp) has no more control over the fiscal and monetary policy of Canada than I have over the depth of ash on the moon; I have no control there, but neither has the Minister of Finance, because first of all the dealings of this government with the provinces have given the provinces a far greater slice of the public share of the gross national product than has the federal government.

We are exhorted not only by the governor of the Bank of Canada but also by the minister

with regard to restriction of activity and stretch-out of some building programs. Frankly, the stretch-out is peanuts, it is meaningless. However, the provincial administrations have taken the lid off their activities. In my own province of Alberta this year's budget is up 38 per cent over 1964—$682 million for 1,400,000 people. If there should be a policy of restraint—and I agree there should be—then this must be applied all the way around, because if the $1 that the Minister of Finance of Canada attempts to save—and does—is spent twice and three times over by a provincial treasury, or provincial administration or through it by a municipality, what does it do? The effect is the same on the inflationary pressure, and we are going to see a continuation of the increase in prices.

The minister said the federal government is going to cut back some $34 million of public works. Within the last two weeks a series of wage contracts have been signed in Montreal which will more than wipe out everything the minister has attempted to do. Already we can hear the rumblings in the Ottawa construction trade concerning what it will mean to the price of a house or building in late 1967, 1968 and 1969; it is going to be fantastic. Because this was started in the particular area of Montreal it will spread; it is now spreading to this area and soon will have a relative effect across the country.

Let us not hide our heads in some sort of a cloud of self-delusion that all is good and proper in the best of all possible worlds. I would have liked to see something in the Budget with regard to removing the ceiling on the gift tax so that it would be meaningful to institutions of higher learning—the universities. I know that perhaps the minister would like to do this. We receive so many requests on behalf of medical research. Our universities are crying out and are woefully short of plant and teachers for medical training and medical research, research in this country by our own people.

What is the good of training hundreds and hundreds of well educated medical graduates and then have them go to do their post-graduate work in the United States, where they remain in too great numbers. We look at the federal contribution to medical research; it is picayune. Perhaps we have seen the glimmer of something; I note in the report of the president of the University of British Columbia, which appeared the other day, that the federal government has made an additional $3 million grant toward the construction of a teaching hospital on the campus to be administered by the University of British Columbia—an extra $3 million for the purpose of teaching, and I am told this is the first time. I hope this is repeated time and time again. However, I should like to see the private sector of Canada make similar gestures toward research, not only medical, but also scientific research. We have the people, but we must be able to pay them.

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

Mr. Lambert: I have only a few minutes and I would like to continue.

I should like to see this encouraged not only by the removal of the gift tax with these specific purposes in mind, but also by some meaningful exemption in relation to the estate tax with regard to particular matters of this kind. How can we encourage people to accumulate funds for these particular purposes, when somehow or other the accumulation of an estate has a bad name in Canada.

Mr. Deachman: Who gave the $4 million to it.

Mr. Lambert: I know the gifts that were made by the Woodward family and others.

Mr. Deachman: I will not confuse you with the facts. Go on with your story.

Mr. Lambert: I would like to be able to encourage the minister in this particular sector so that we can get this encouragement for our individuals, both with regard to the estate tax and the gift tax. This is a suggestion I would make. The last point I should like to refer to in these few remarks I have today is on the question of inflation. The other day when the minister was talking about an extension of some relief under the S.E.C. regulations in the United States I had asked what had been the *quid pro quo* given by Canada and I was told there was none. I wanted to be satisfied that in so doing the minister was not having a halter slipped around his neck, as was done in the case of his predecessor in 1963, in order to gain some short term advantage, and an illusionary advantage, under the equalization tax act of the United States.

Mr. Sharp: Access to the United States market is not very illusory.

• (4:20 p.m.)

Mr. Lambert: It was illusory in the long run for Canada in that we then undertook to limit our holdings of foreign reserves at $2,600 million expressed in U.S. funds. I simply say that the then minister of finance had a bridle slipped on him; he also took the bit, not one bit but two, a curb bit with a very tight curb. The net result is that the Minister of Finance, who should have a very useful tool at his disposal to curb inflation, is now prohibited from so doing by the agreement with the United States in that Canada must keep an artificial ceiling on its interest rate in order to discourage the coming into Canada of foreign funds, which must be controlled because of this agreed ceiling of $2,600 million. This is a proposal that I want considered: Would it not be better today to remove ourselves from the exemptions of the Interest Equalization Act?

Mr. Sharp: We would have to pay more for our borrowings.

Mr. Lambert: Yes, we would have to pay more for our borrowings, but the minister is now asking for the same thing in another way. We can argue this matter at greater length some other time. I cannot deal with it at length now because it would take from 20 minutes to half an hour to go into detail. However, Mr. Speaker, I ask that this proposal be considered, in order to allow us to use our own monetary tools to control our domestic monetary policy. We are hobbling ourselves with a foreign exchange tool of control. What is the greatest advantage to Canada in the long run? Is it the higher cost of funds borrowed in foreign markets, or the erosion of our savings in Canada, causing untold hardship to our people on fixed incomes as a result of inflation?

The minister has said he is trying to curb inflation, but let us refer to his Budget papers. On page 19 of the budget papers there is a paragraph on prices which indicates that there was a good 3 per cent increase in prices in 1965. Then there is this illuminating statement:

> All of these factors, in the context of conditions in the early months of 1966, suggest that it would not be prudent to assume a rate of price increase any less than that recorded in 1965.

So we can expect the same thing in 1966 as we had in 1965. Does the minister mean that his efforts to combat inflation will not succeed in reducing the rate of inflation, or will he merely contain inflation to the level of 1965? If that is all this budget is aimed at, I say it misses the mark and does not do the job that needs to be done in Canada.

[*Translation*]

Mr. Antonio Yanakis (Berthier-Maskinongé-Delanaudière): Mr. Speaker, I should also like to congratulate in particular the Minister of Finance (Mr. Sharp) for the foresight he showed in his Budget speech, which is both cautious and realistic.

The first budget of the minister was a complex and skilfully introduced document, which evidenced not only the cool thinking and the ability of the Minister of Finance but also his hesitation to attempt any fiscal adventures.

The main purpose of the delicate balance in the series of measures proposed is to curtail the general requirements of the Canadian consumer and to encourage the Canadian businessman to slow down in his capital investments and his importations. The minister therefore wants to make our economy free from inflationary pressures and extend, beyond our centennial year, our present prosperity.

The budget speech itself was the least partisan of all those heard in the house of recent date.

The new Minister of Finance read his 16,000 word document with the brilliant self-confidence of a reasonable man in an unreasonable world. To see him make his speech in the house was like seeing a perfectly adapted human machine at work.

In spite of the caution which he had to show, the minister rejected the obsolete concept according to which the government creates taxes for the sole purpose of collecting money. Instead the new Minister of Finance firmly declared his intention to use taxes in a much more creative way to alter the economic trends in the country.

The minister also re-asserted that, in spite of this age of co-operative federalism, Ottawa still has an important impact on the Canadian economy. Even the cautious measures of the budget will, in 1966, change the figure of the gross national product—the sum total of Canadian earnings and production—from 9 per cent to 8½ per cent.

Mr. Speaker, one of the main objectives of the minister is to reduce substantially the capital outlays of the public and private sectors during the next year. As far as private undertakings are concerned, they are subject to two main measures intended to

slow down their investment appetite. They will have to pay the treasury a 5 per cent refundable tax on their gross profits. They will also be granted a partial or total exemption from the 11 per cent sales tax on some capital goods, provided they agree to postpone the purchase of those goods for one or two years. These two measures will certainly regulate the flow of investments.

According to two Quebec economists, Messrs. Claude Masson and H. Djahanbin, the federal budget is economically sound in the circumstances; more particularly, it has certain flexible fiscal provisions which can be changed if need be. The budget of the minister obviously carries an incentive to reduce the rate of expenditure so as to extend the period of Canada's economic development. The maintenance of the 11 per cent tax on building materials is justified, since this is the area of highest inflationary pressure for the time being.

The president of the Confederation of National Trade Unions, Marcel Pépin, said he was pleased the federal budget did not increase the income tax for those who earn less than $5,000 a year. He also added:

> It is a step in the right direction; soon, the taxable minimum will have to be raised.

All in all, the tax measures advocated by the hon. minister please the Labour Congress. That is the opinion expressed by the general secretary of the organization, Mr. MacDonald. He stated that the C.L.C. was very pleased to see the Minister of Finance was not a victim of those who endeavour to set off a general panic with regard to inflation. The union representative added that the minister's decision to reduce the taxes levied in the case of certain low-income groups was a first step in the war against poverty. Mr. MacDonald also said he was pleased with the initiative of imposing a special refundable tax on corporate profits. This measure will enable the government to plan certain long-term expenses. As far as the war on poverty is concerned, I dare hope that the Minister of Finance, in the obvious fight he is seeking to put up in order to maintain and distribute the national income amongst all classes of society, will find a way to provide for the most unfortunate class in Canada, that of people over 65 years of age, who now get a lean $75 per month. It should be possible to implement, in the near future, the recommendations of the report brought down by Senator Croll, and to guarantee $105 per month for persons who live alone, without other sources of income, and $185 per month for married couples.

To bring about a change in order to extend rather than to check the development of the country, this is the significant wager that the Minister of Finance was willing to take up. It is felt that the measures he proposed will reduce by one third of a billion dollars the amounts of money which Canadian businessmen intended to invest with a view to developing their businesses this year. This, in addition to the other deflationary provisions of the budget, will quickly slow down the accelerated pace of our economy.

Two measures which will indirectly have a favourable effect on our current deficit is the abolition of the 15 per cent tax on the sale of Canadian government bonds in the United States, and the fact that a great part of the production machinery, the purchase of which is prevented by the budget, would have been imported from the United States.

• (4:30 p.m.)

[*English*]

The government, Mr. Speaker, has introduced a budget to pace prosperity. The boom was getting out of control and the Minister of Finance (Mr. Sharp) initiated action on a number of fronts. To begin with, he has restored about two thirds of Mr. Gordon's short-lived income tax cuts of 1965. There are still some wispy concessions to persons in the lower strata; but for the most part, things are pretty much as they were in 1964. Second, the government has deferred another group of construction expenditures, with a total value of $34.8 million. At the same time it has promised to forgo new spending programs, except in emergencies, and has appealed to the provinces to exercise similar restraint, notably with regard to highway programs.

A third major measure is the refundable tax on cash profits. The minister hopes, by this device, to divert probably for 18 months a portion of the flow of business funds into capital expenditures. Two other changes announced are intended to check inflationary pressure by inducing postponements of the capital programs which are bidding up costs. The minister has decreased them selectively. The new restrictions will not apply to heavy construction equipment or to equipment required for long-term utility projects, but they will bear on such assets as buildings and machinery.

In the same fashion, and with the further purpose of stimulating higher productivity, the Minister of Finance has made a distinction between production machinery, on which the tax is to be eliminated by stages, and building materials which could scarcely be cheapened without stimulating an already excessive demand. The minister dangles an effective carrot; the longer business waits, the cheaper the final investment.

General praise has been accorded the Budget. There has been commendation of the removal by stages of the sales tax on production machinery. The personal income tax changes, with small reductions for low income earners, were described as a move in the right direction by the Canadian Labour Congress. As far as manufacturers are concerned, it has been called a "groan today, grin tomorrow" budget. Mr. Fred Samis, general manager of the Canadian Electrical Manufacturers Association said that the budget has put his industry in a more competitive position in foreign markets.

The tariff changes in the budget drew approval from the Canadian Importers Association. A joint statement by the Canadian and Montreal Stock Exchanges said that the elimination of the withholding tax should relieve our balance of payments situation by making bonds more attractive to foreign investors.

The Minister of Finance has explained that his budget was designed to slow down but not halt the boom; to reduce the inflation factor in the increase in the gross national product; to steady the headlong Canadian course by cutting the amount of money individuals and business would have to send chasing after a short supply of labour and materials.

Federal, provincial and municipal governments will all find it easier to borrow money with the removal of the 15 per cent witholding tax on interest payments to non-residents on securities of Canadian governments. It is hoped that the change will enable some borrowing to be done in Europe.

In his attempt to use the budget as an important factor in influencing the economy on a short-term basis, the minister has fashioned a new tool. The compulsory savings plan for large businesses could, in theory, give the government the means to help decelerate or accelerate the economy at very short notice. As far as is known, the scheme is unprecedented anywhere. If the plan works, a considerable step forward will have been taken toward the goal of managing the economy, so that the peaks and valleys of boom and recession are levelled out.

In the past, Mr. Speaker, ministers of finance have shared a certain resignation towards economic fluctuations. They believed that prosperity and recession came in cycles. These cycles might be influenced here and there, but they were like a solemn law of nature, not really to be avoided in their inevitable succession. Now, however, a new kind of hope is being entertained. The economic upswing has continued longer than anyone expected, longer than anyone thought possible. The hope grows that perhaps it can be kept growing indefinitely.

Most business executives agreed that the budget was the best statement of fiscal policy to come from the Liberals since they regained office in 1963. A typical reaction was that the refundable tax would help to dampen the leading edge of the boom without destroying it.

The Canadian Chamber of Commerce was generally favourable toward the budget and the chairman of its executive council said:

> The budget recognizes that the economy's thermostat has been set too high, and appropriately and realistically calls for some measures of restraint to bring about a better balance of supply and demand.

The Canadian Manufacturers' Association called the levy imaginative. They said it was designed to meet current circumstances, and although it will not be liked by those affected it is much to be preferred to a flat tax increase. By providing for interest on the refund, the finance minister has demonstrated that he believes the modernization program of industry must only be reined in while inflation is a threat.

• (4:40 p.m.)

The Budget generally found favour among Canadians, because the minister was not a victim of those who have been trying to press the panic button on inflation; because of the reduction in taxes on low-income groups as a step in the right direction in the war on poverty; because of originality in the conception of the 5 per cent refundable profit tax, and because of specific measures such as the removal of sales tax on production machinery.

[*Translation*]

Mr. Speaker, that is my modest contribution to the present debate on the budget

which, I am sure, will be interpreted by all Canadians as realistic and as maintaining Canada, whose growing economy makes the whole world envious, on the road of progress.

[*English*]

Mr. Heath Macquarrie (Queens): Mr. Speaker, I think it is always a good thing, but especially in the closing hours of a debate, for one to abridge his remarks as much as possible. I will try to do that.

Many of my colleagues from the Atlantic region have in my opinion made most excellent speeches on the very important problems facing our part of the country. In my few minutes I wish to talk about one aspect only, and that is the relationship of the regional economy from which I come to the national economy. One of the fundamental responsibilities of the national government is to use its power, economic and otherwise, to minimize inequalities which exist as between regions in the country, and between particular regions and the country as a whole. Some of these regions suffer economic inequalities in large measure because of national policies. Therefore the responsibility of the national government becomes all the more sharp. It is all the more incumbent upon those of us from such areas to bring our legitimate complaints and our carefully thought out suggestions to the government's attention.

I believe that this government, through its policies, is diminishing its power to equalize the economic advantages and disadvantages in this country. I believe the whole confederation process was in part a measure for sharing economic wherewithal, and sharing advantages and disadvantages. My colleague from Edmonton West (Mr. Lambert), or from Klondike South as he has facetiously been referred to did a good job in discussing the way in which the government has abridged its power to assist and to operate significantly in these areas.

I shall speak not of the power, and the diminution of that, but of the will to move in the direction of adjusting disparities between economic regions. I do not think that that will has been or is being shown. The parliamentary secretary to the Minister of Finance (Mr. Chrétien) in my opinion made an excellent speech. Being a little more definitive, I would say that he did a fine job in arguing a very poor case.

I do not think that the strong point of the minister's Budget, or his Budget speech, was its attention to problems of regional economies or to measures that the government has taken in relation thereto. In the past we have made many suggestions as to improvements in the Atlantic region, where the disparities are becoming more acute. Many of us from time to time have pointed out instances where the government's actions have directly contributed to widening the gap which exists economically between Atlantic Canada and the rest of Canada. Let me cite in our own city of Charlottetown the closing of the Enamel & Heating Plant also to be mentioned are the closing of military bases such as the one at Goose Bay, and the closing down of H.M.C.S. *Queen Charlotte*.

If my colleague from Prince Edward Island had not dealt so well and so convincingly with the causeway deferment or rescheduling, I would have discussed it. We may come to a miraculous manifestation. Our causeway is going to be built just as quickly, while less money is going to be spent on it. A shorter season of the year is going to be used, and so on. Having listened to words to this effect, I wonder why such an inconsequential thing was even mentioned by the minister in his Budget night presentation.

We shall remember in Prince Edward Island this little exercise in semantics and we shall remember certain commitments which have been made as a result of explanations of what the minister said, when he was talking about his deferments.

History will record, and one need not adopt a partisan attitude to say this, that this government has never manifested concern for the Atlantic region, such as its predecessor manifested from its first days in office.

The former minister of finance has left the cabinet. But it would appear that his maritime outlook still lingers on. He said: "Assistance should be given to the maritimes who might wish to move to other parts of Canada where there might be greater opportunities". That is a little travel subsidy. I heard that the people of Bell Island in Newfoundland are going to come into this category. As they face their bleak economic future they will receive assistance in moving out.

I say, do not subsidize a program of pushing the maritimers out of the maritimes. Do something, rather, to push the region ahead economically so that our young people may be able to stay there and make their contribution to Canada in their own part of Canada. Why should we be the economic transients of this country, subsidized in our

wanderings by the government? I hope sincerely that the Prime Minister's announcement this morning about Bell Island will be followed by something more substantial than the assistance in outward mobility to those people. I would hope that from the solutions which surely are now being mulled over, something will be done for those people. I hope some interim measure will be taken to keep the mine open perhaps until the end of the year, with government subsidy assistance, to help those people. I ask that not because those people are from my province or from my constituency, but because all maritimers know that if any part of the region suffers we all suffer; if any part flourishes, we are all the richer and the better for it.

We have each, in our areas, known economic adversity. I would think that a wise and careful government would adopt the same policy with regard to any region as it would in relation to the nation. It should know that no nation is truly prosperous if regions thereof are suffering economically. I think one thing could be said about the preceding government: that its outlook and development of economic policies was national.

I have been hearing all the bouquets which have been thrown at the minister. Some of them were so heavy they were heard. The minister made a mistake in his seeming unawareness that many policies and practices which he regards as useful in dealing with over-all national economic problems do not apply necessarily to some regions. I would not go so far as some of my colleagues, to say there is nothing good in his budget, although I have not time in 30 minutes to think of many good things. He may have sound policies in his boom restraint, but these do not apply to an area where, according to the latest statistics, 63,000 people are on the unemployment role. Yet none of them could be found to work on the causeway during the summer.

I think that he should recognize and should have recognized that policies which may be useful in the national scene could, when translated to the Atlantic region, be downright harmful. We do not need the application of brakes since we are not having any boom that is in any great danger of going bust, to use the vernacular.

I would suggest that the minister might have prepared himself by a more careful scrutiny of that very valuable and interesting document, the Second Annual Review of the Economic Council of Canada, which body has made a careful study of regional growth and disparities. I wonder why the minister did not take advantage of this very important major piece of research.

• (4:50 p.m.)

I think the government should as a matter of urgent priority give attention to the serious economic problems of Atlantic Canada, because before us at this very time are many indications that the gap is not narrowing but widening.

I should like to read a recent editorial from a great newspaper in Atlantic Canada—the Fredericton *Gleaner*. With reference to unemployment, this article, which appeared on March 18, says:

> Nationally there was a slight improvement over January. Unemployment dropped by 3,000 in Canada, a percentage improvement of one-tenth of one per cent.
>
> In the Atlantic provinces the reverse was true. Unemployment increased by 2,000.
>
> This new decline in regional employment comes on top of the persistent chronic lag of the region behind the rest of the nation. Last month the unemployment rate in the Atlantic provinces was 10.9 per cent, in the remainder of the nation the figure was 4.5 per cent.
>
> An unemployment rate of nearly 11 per cent is a serious thing in itself, especially since this is a period termed "prosperous". If this is prosperity, what will happen to this region in a recession?
>
> The initiative has not been seized and such halfway measures as have been taken (Prime Minister Pearson says we should be "grateful" for them) have come so far from closing the gap that it is actually widening in spite of them.

Following carefully the rules of the house, I subscribe precisely and fully to that comment.

I never thought that after witnessing the plethora of commissions which have been and are being conducted over Canada I would make the recommendation I am now about to make. I imagine there was never a time when we had so many inquiries going, and I suppose we would reach a stage of social equilibrium, as the social scientists would say, if half the population were investigating the other half. I have heard—though I believe this is apocryphal—that the universities are considering setting up a course intending to produce Bachelors of Inquiry. But since this brilliant budget—and I must place quotation marks on the word "brilliant"—has failed to take account of the regional disparity in the Atlantic provinces, I believe it is time to set up an all-embracing inquiry into the economy of the maritimes and the Atlantic provinces. Such an inquiry would consider all the factors, trends, conditions and prospects of growth within the region, and, what is more

important, the relationship between the region and the rest of the country. It would give careful scrutiny to the adjustment of national policy in respect of increased economic goals for the Atlantic part of Canada. Important contributions have already been made by the Duncan and White commissions.

After watching painfully the way in which the national government has failed to show interest and initiative in dealing with the Atlantic economy I believe the time has come to set up another royal commission, comprehensive and all-embracing so that we may look quickly and with some sense of urgency at a situation where in a great and prosperous country such as Canada that part of Canada where confederation began slips further and further back while the rest of the country gets ahead. I believe another royal commission might at least focus attention on this question and amass information impressive enough for the minister, at some time, to use. I commend such a suggestion to him and to the house.

[*Translation*]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I am glad of this opportunity to say a few words on the Budget speech and on the whole economic situation in Canada. We are told, according to this Budget speech, that Canada is prosperous, that prosperity is everywhere and that everything is running smoothly. Then, when things are going too well, restrictions are imposed to prevent further progress.

Mr. Speaker, we are told the economy is in fine shape—why then are there restrictions on credit and investments?

I wish I were strong and powerful enough to open the ears of the Minister of Finance and the other ministers, particularly those who are at the controls, and especially the Prime Minister, who is the one in charge of the present administration, the country and the people.

The Minister of Finance is at the controls of all the monetary, economic and political machinery concerning taxation, income tax and gains. It is up to him especially, as well as to the others, to analyse the revenues, expenditures and gains of citizens, families and institutions.

The minister knows very well, through experience, that our democratic and financial systems can no longer co-exist and that instead of democracy there is at the moment a dictatorship which prevents young and old, men and women to live as they will. He should in fact understand that this is a real dictatorship exercised through the medium of hunger.

[Mr. Macquarrie.]

There is discontent and strikes everywhere in Canada; raises in salary are asked for as a solution in industry, in transport, by mailmen, professors, engineers, students and even by civil servants: there are strikes in just about every sector. Why are workers, the builders of the country, so dissatisfied? I put the question to the minister, but I shall answer for him. It is because the people have had enough of excessive policies for Canada, of rationing and credit restrictions of austerity programs, and of excessive taxes, inquiries, investigations, forms, dictatorship and yokes, and loss of freedom.

The people are not satisfied with the present system. There is general discontent in this country and throughout the world; there is fear, insecurity, useless deprivations; crises follow one another; on the one hand, large quantities of essential goods are lost and, on the other hand, half the population is deprived, Canadians are unemployed and live in slums.

One fact remains, Mr. Speaker, and it is that the present economic system does not operate properly and leads to credit restrictions, overtaxation, unemployment, misery and the inconsistency of deprivation in the midst of plenty.

• (5:00 p.m.)

The present system penalizes the workers who do their work well, by making them unemployed; it penalizes the producers who do well and who produce all we need but who are respectful of the masters of finance who are not doing their own job well.

Banks currently refuse to lend money at reasonable interest rates; they do not care about the government and government regulations even though the government guarantees the loans.

Do you want instances? Take the National Housing Act, with 5½ per cent interest guaranteed by the government. I do not know of a single bank that has made a single loan on these terms. You have industrial development assistance under which the government guarantees loans up to $25,000; banks refuse to lend money at 5½ per cent with government endorsement, banks even refuse to lend on 6 per cent notes, but they will make family loans at 12 per cent.

Quite frequently, the banks refuse loans, even family loans, when the customer's solvency leaves to be desired; in such cases, he is advised to apply for his loan to a finance company where he has better chances of getting it. If the customer does get his loan, he pays up to 24 per cent in interest.

If the finance company has the money, it is because it has obtained credit from the bank. That is the true picture, Mr. Speaker. It is an odd situation and we have some difficulty in understanding the reason for the general dissatisfaction among the citizens. Successive taxes create inflation and, to correct the situation, further credit restrictions are imposed, investments are restricted, supposedly to fight inflation.

Mr. Speaker, the inflation in the present system is caused by the governments, their taxes and the debts they enter into and the interest they pay to the financial authorities of this and other countries. It is not the money in circulation.

The government enforces credit restrictions because it is in agreement with the bankers, because the citizens are too deep in debt, and the same is true for the school boards, the municipalities and vestry boards, for institutions of all kinds as well as for the farmers.

Here we must ask ourselves this question. Why are the citizens and the governments so much in debt with some financiers? It is because the government of Canada has given up controlling the issue of money and credit and put it in the hands of some private institutions which, through that control and that power, cash in on our wealth, adding the citizens' assets to their own and putting on the debit side the assets and inheritance of past generations; thus the assets of the governments have been entered on the debit side.

Our governments, our ministers of finance bow before those trusts to such an extent that they have become the tools or servants of those private institutions.

Instead of taking over again the control of money and credit, they bow before those institutions, they put the country into debt, they let the citizens get into debt and be robbed. The Minister of Finance knows very well that it is mathematically impossible to reimburse more money than was received from those institutions. Bankruptcies, debts relinquished, unreceivable, citizens in debt, governments in debt, budgetary deficits, credit restrictions and limited investments are the results. There is more unemployment and poverty, citizens are voicing their dissatisfaction, workers go on strike, families are being dislocated, children are left without anybody to care for them, without education, farmers leave their farms, businesses go bankrupt, the wealthy become wealthier, but fewer in number, there is more poverty, the working man is robbed to help the unemployed, a large number of people live on welfare, the federal government's contribution to social welfare is nearly $1.5 billion, as much as for national defence, besides the hundreds of millions of dollars paid by the provinces.

To develop our natural resources, build bridges and roads, expand industries, build family dwellings, schools, universities, churches, hospitals, establish municipalities, school boards, you have to run deeper into debt, and this falls on the taxpayer already crushed by private and public debts of the past.

The Minister of Finance is mainly responsible for our anti-social and anti-human system; usurers, usurpers, murderers who will lead future generations to suicide.

As a corrective measure, winter work programs were invented. It is the biggest farce yet. Seventy five per cent of the money given municipalities goes to waste.

People are even used as beasts of burden. I have seen in my own constituency people harnessed to a wagon to carry soil up a hill. Instead of using horses, 25 or 30 men had been harnessed to a wagon to carry stones and earth. It costs a hundred times more to use men instead of machines. Although machines are available, representing progress, we still prefer the ancient way of doing things with human hands.

Is that what is called progress? Is that the fine budget which newspapers and publicists praised to high heaven? A tremendous amount of publicity was given to a debt-incurring budget, which does not face up to realities in Canada.

There are in this house many members, including the Minister of Finance, who see only prosperity and growth. I submit that many institutions, like the stock exchange, fleece our people. Investors draw in interest three times the capital loaned and even at that the capital is still intact. That is, hon. minister, the area where you should keep a watchful eye.

The Minister of Finance foresees a marked increase in national production which will reach $54 billion but he provides no means allowing this increased prdouction to reach the householders, the tables of Canadians,

those who are unshod and shabbily clothed, and those families who are in need of better housing and who could make use of progress and scientific developments available.

No, the minister prefers to put the brakes on investments and credits which will increase even more the wealth of the blood suckers spawned by an obsolete and orthodox system, devoid of social sense and heedless of the common weal.

With a stroke of the pen the banker swells the figures in his books in order to increase the debts; as there are a great number of debt-ridden persons, they are refused more credit.

Others who do not like to get into debt avoid asking the banker to wield his pen. The figures remain static because they refuse to get deeper into debt.

No other pen than that one can write down figures giving a right to goods. It is not on God's orders that there are no others, but because of a stupid rule made by men, by those entrusted with the administration.

Figures are adjustable, but when they are related to amounts entitling to goods, it is man who is adjusted to the figures.

The man is there feeling hungry, there is food but no figure. A great many people find that normal and feel that this system is entirely sound and moral. Those who think like that are like those who have their nose in manure and smell nothing; they even think it smells good.

The financial system is a failure and yet the present leaders declares that it should be preserved and protected.

The present system put Canada $75 million in debt when Confederation was established. Today, after 99 years of unstinting work, our national debt has reached $25 billion and the indebtedness of all governments and of the Canadian people totals $86 billion. The public debt comprises money which does not exist, which never existed and which the governments have undertaken to repay with interest.

Our economic life is rotten. This way of coining money lending it and imposing an interest upon it at birth, is the most diabolical invention ever thought of to disrupt the economy, to sabotage, to sow discord and hate between nations and men and to change man into a wolf preying on his fellow men.

• (5:10 p.m.)

As a solution to this problem, Mr. Speaker, there are two ways by which men could purchase their share of progress: first, by lowering the price of goods, to allow to get more for each dollar; second, by increasing the number of dollars in the hands of the consumers.

[Mr. Latulippe.]

We are obliged to curtail production. But, Mr. Speaker, if there is no production then why curtail it? Then, there is no problem production wise.

Those who remain attached to the old method of financial distribution are enemies of progress. They paralyse its expansion in production and prepare the revolution; since progress is what distinguishes man from beast, Social Credit establishes a distinction between intelligent and stupid people.

Mr. Speaker, I would say in passing to the Minister of Finance that the income tax formula contains serious discrimination. Why not have the same income tax formula for all citizens? Why protect some groups in our society by taxing them less? All citizens should be on the same footing. Why allow some institutions to build up some reserves, undeclared or declared, so that they might invest in the stock market and other institutions, in order finally to declare that they are capital gains exempt from tax? This is one injustice I point out to the minister. There would be a lot more to say about that.

In order to be fair, single people who earn $3,000 should be tax exempt just like married people with an income of $5,000, and also there should be an exemption of $1,000 for each child.

As far as family allowances are concerned, in 1945 they were $5, $6, $7 and $8 a month and national production reached $11,400 million. Family allowances have remained almost at the same rate, that is $6 and $8 a month, while production reached $51 billion in 1965. Could we not have found two extra billion for the children 16 years of age or under who have no purchasing power? The amount of $6 a month or 20 cents a day is not even enough to buy a quart of milk or to pay the taxes included in the current cost of living of those children.

Old age pensions were increased from $40 to $46, from $55 to $65, and from $65 to $75. The cost of living of a child under 16 is just as high as that of a senior citizen.

The ministers and members in Ottawa, who are the only ones responsible for legislating and allocating funds in the field of family allowances, should first of all increase those allowances and adjust them to the cost of living.

Instead of laughing at families by giving them $6 and $8, we should give them adequate allowances instead of miserly ones. All other elements have been multiplied by 6, 8, 10 and 12. The 6.7 million children in 2.8 million families would thus have a purchasing power adjusted to the evolution of the economy since 1945 and the $2 billion injected in the consumption in the provinces, cities and rural areas would give new impetus to the economy, production, industry, trade, construction, education, labour and balance family payments throughout Canada, without distinction of race, religion, language, sex or nationality. That would be a proof of common sense with regard to our families and our children.

Progress causes unemployment, the system must cause lay-offs. Greater money supply without higher prices. Figures and prices must dovetail. There are no production problems, only purchasing problems. People do without things not for lack of production, but for lack of money.

Several members, of parliament and many Canadian citizens, might perchance be tempted to ask what would be the use of putting more money in circulation? But ask yourselves what is the use of having products if there is no money to purchase them. They only serve to create unemployment, frustrated and discouraged people.

With the present financial system, it is impossible to lower prices without harming the producer, as it is impossible to fill purses without raising prices.

If workers, through strikes or by other means, get higher wages, these raises are included in prices and the latter go up. The disparity remains between prices and buying power of money.

What should we do? We must put machines to work and distribute dividends to people. That is what we must do, Mr. Speaker.

Why should we ask for further production instead of asking for money to buy products which, in fact, are plentiful? To ask for work in order to buy the output of labour is tantamount to being forced to earn one's bread twice while eating it once. To ask for public works under the present financial system is just like asking for an increase in the cost of living.

Public production must be paid the same as private production.

The government makes us pay for public works through taxes. Do workers asking for public works want more taxes, which are already very burdensome on the family budget? When some taxes are not paid by them directly, they fall back on the taxpayer anyway through prices.

The solution would be found in the distribution of more buying power, but without burdening the industry or the taxpayers. If the industry is asked to pay more, it will raise its prices. If the taxpayers are asked to pay more, the buying power is reduced.

Do you not see also that the present financial system is at the root of all our problems, all our difficulties in both the public and private sectors?

[*English*]

Mr. Deputy Speaker: The hon. member for York North.

Mr. Sharp: Mr. Speaker, I rise on a point of order. As a comparative newcomer to this house, may I ask for your guidance in respect of whether as Minister of Finance I have the privilege of speaking again on the motion to go into committee of ways and means. I am a little uncertain and would not want to transgress the rules or do anything which is not in order.

Mr. Deputy Speaker: Order. Perhaps I should refer the minister, in respect of his right of reply, to standing order 37 on pages 31 and 32. Standing order 37(2) reads as follows:

(2) A reply shall be allowed to a member who has moved a substantive motion, but not to the mover of an amendment, the previous question or an instruction to a committee:

Then subsection (3):

(3) In all cases Mr. Speaker shall inform the house that the reply of the mover of the original motion closes the debate.

I think the question before the house now is whether or not this is a substantive motion. If the motion before the house to resolve itself into committee of ways and means is a substantive motion, then the minister is entitled to exercise the right of reply; if it is not a substantive motion, he has no right of reply. Therefore, the question before the house is, is this motion or is it not a substantive motion.

• (5:20 p.m.)

A definition of a substantive motion is given by Beauchesne at page 165 as follows:

A substantive motion is a self-contained proposal not incidental to any proceeding, amendable and drafted in such a way as to be capable of expressing a decision of the house.

I would think the motion before the house is incidental to a proceeding of the house, in the sense that it is the procedure by which the house proceeds to the work of the committee of ways and means. I think this motion is a procedural and not a substantive one, and therefore the Minister of Finance does not have the right of reply.

May I refer hon. members to a ruling made by Mr. Speaker Beaudoin on April 2, 1957, when the then Minister of Finance, Mr. Harris, rose to speak in almost exactly the same situation. Mr. Speaker Beaudoin then ruled that while there was an argument for both sides, he would take the view that it was not a substantive motion and therefore the minister did not have the right of reply. I would give this information to the Minister of Finance.

Mr. Sharp: Thank you, Mr. Speaker, I would have welcomed the opportunity to make a few brief remarks in reply, but I shall certainly abide by your ruling.

Mr. John H. Addison (York North): Mr. Speaker, I am sure the members in the house would rather hear from the Minister of Finance (Mr. Sharp) than myself at this time. I have been watching the clock and it seemed to me I would not have this distinct privilege but that he would. However, fate is sometimes in the hands of other people, and in this particular case Your Honour was the judge.

I wanted to speak this afternoon, and am delighted I have the opportunity to do so, because of the exchange that took place in the house this morning between the hon. member for Brome-Missisquoi (Mr. Grafftey) and the hon. member for Villeneuve (Mr. Caouette) with regard to the whole question of automobile safety. I listened very carefully this afternoon to the remarks of the hon. member for Queens (Mr. Macquarrie) who suggested that his was not a political argument and was not partisan in the sense that one political party was capturing the attention of the public in regard to the particular problem to which he was referring.

I for one certainly do not wish to see this question of automobile safety become a partisan, political instrument which can be used for a particular purpose or a particular party. I think everyone in this house is genuinely concerned about the safety of every Canadian citizen. I believe the problem facing us is a very substantial one. The hon. member for Brome-Missisquoi suggested that the hon. member for Villeneuve should not be included in dealing with this problem because he had a conflict of interest. It may be assumed that I have a conflict of interest in this respect, but I would suggest this is an absurd assumption because those of us who are in the automobile business and understand it—and I have been in the business for 15 years—have something to offer for the general good.

I think we must identify the problem. I am sure we have all had experience through close, personal friends and others, of automobile accidents and deaths. Last year in Canada 4,879 people met their death in automobile accidents. A total of 395,310 people were injured in Canada last year. One traffic death occurs every 100 minutes in Canada, and one injury occurs every 3½ minutes. In 1966, there will be 385,000 young Canadians who will reach driving age and only 6 per cent of them will have received any standard driving course. It is also interesting to note that 27 per cent of all traffic victims in 1965 were pedestrians.

Let us consider the statistics in the United States. Every 13 minutes a man, woman or child is killed in a traffic accident in that country. Every 18 seconds somebody is injured seriously enough to be disabled beyond the day of the accident. Financial losses in the United States pile up at the rate of $15,000 per second around the clock.

We have heard and read a great deal about the discussion that has been taking place in the United States with regard to automobile safety. Most of the publicity, serving the sensational side of this problem, is concerned with events after the accident has actually taken place, what happens inside the car, truck or other vehicle or what happens to the object it hits. It seems to me that the old adage "An ounce of prevention is worth a pound of cure" could well be applied here.

A program called "Elmer the safety elephant that never forgets" was instituted about 19 years ago in our public schools. This program is for children between the ages of approximately five to nine years and is sponsored in Canada by the Canadian Highway Council. A city that is very close to us, Hull, instituted this program a short while ago in 22 schools in the area. I am sorry the hon. member for Hull (Mr. Caron), who sits in front of me, is not here today. Comparing a five-month period when the Elmer safety program was not in effect with the same five months when the program was in effect, it was found that the accident rate in regard to children in Hull was cut by 50 per cent. This

great reduction in accidents applies right across the country where the program is instituted, but it is only instituted in a fraction of the schools in Canada.

It is estimated that 85 per cent of motor vehicle accidents are caused by human error, 10 per cent by mechanical failure and 5 per cent by natural causes, weather, defective roads or whatever the case may be. I had the opportunity of speaking with a member from Vancouver today, who told me the experience in that city as a result of the safety check for motor vehicles that is mandatory. In Vancouver it is mandatory for each motor vehicle to be subjected to an inspection and safety test twice a year. Whereas the average across the country of automobile accidents due to mechanical failure is 10 per cent, because of the program in the city of Vancouver they have cut this figure to 1 per cent. This safety check program is rigidly enforced by the law in that city and the statistics prove conclusively that accident rates can be cut by proper maintenance of automobiles.

In the whole of Canada there are approximately 6,366,000 vehicles on the roads today. The alarming thing is that of this number, 5,200,000 are from three to nine years old. With regard to the 5 per cent of accidents caused by physical defects such as roads and so on, the Good Roads Association across Canada, together with the provincial Ministers of Transport, are inquiring into the problem. As I have mentioned already, 385,000 young Canadians will reach driving age this year, of whom only 6 per cent will receive standard driving training. In addition, Mr. Speaker, in Canada there are about 7,400,000 licensed drivers.

• (5:30 p.m.)

It is interesting to note that about one third of the licensed drivers in Canada are women. I am sure they will be glad to learn that men are involved in up to eight or nine times as many accidents as are the women. Of course, the men do much more difficult driving. Statistics do show that drivers who take a certified driver training course have 50 per cent fewer accidents and 81 per cent fewer traffic violations.

A great many people have been discussing what the role of the federal government should be in connection with this particular problem I should like to quote from part of the talk given by Mr. Keith H. MacDonald, general chairman of the Canadian Highway Safety Council, when he was speaking to the British Columbia Highway Safety Council in April, 1966. This is what he said about the federal government:

> The federal government, for example, must supply leadership in the fight for safety. It must demonstrate that it is concerned about improving the traffic conditions. It must do something more than acknowledge the problem.
>
> As our biggest employer, the federal government can set an example for employers across the country by adopting the kind of employee education programs some of our large corporations have found effective. At present it is far behind industry in this respect. Governments should lay down safety standards for the vehicles they operate and provide adequate training and improvement courses for their drivers.
>
> Ottawa can make extremely valuable contributions toward safety education through the facilities of the C.B.C., radio and T.V., and the National Film Board. Constructive support for organized safety campaigns by these public information agencies will get the safety message to a wider audience. This is, after all, the avowed purpose of their existence—public service.

What has the federal government done in the United States? It is startling when you hear it. President Johnson has proposed increasing federal spending for traffic safety by $700 million over the next six years. Under his program federal grants to the state would be increased, the Secretary of Commerce would be empowered to determine automotive safety performance criteria, and the federal government's highway safety research efforts would be expanded. The states would be expected to use their grant money for driver education and licensing, advanced traffic control techniques, vehicle inspection, the improvement of police and emergency medical services, and for other specific purposes.

So far as I have been able to ascertain, Mr. Speaker, the federal government contribution to the Canadian Highway Safety Council was $25,000 last year. We have made a magnamious effort and increased it to $40,000 this year. The Minister of Industry (Mr. Drury) has instructed the Canadian Government Specifications Board to inquire into the problem. The problem is of tremendous magnitude.

One thing we must do in Canada is to adopt uniform traffic signals. We cannot be in a position, for example, where the province of Quebec is changing to the international system; where the United States is changing to the continental system, and where a province is changing to another system. The traffic laws of Ontario permit you to turn right on a red light. In most of the province

of Alberta, you cannot turn right on a red light, but in the city of Calgary you can. Well, this is an absurd situation. We must have a uniform code for the rules of the road.

Each province has jurisdiction over traffic. I suspect, however, that as emergencies arise, as in the case of the Atlantic Acceptance bankruptcy, the provinces will return to the federal government some of their jurisdiction and this will enable the federal government to conduct more properly the affairs of the nation. In the near future I predict a return to the federal government of authority in so far as traffic legislation is concerned.

We have three agencies in the federal government interested in this problem. There is the Department of Health and Welfare, which is obviously concerned with the welfare of the people. We have the Department of Justice, which does not administer but which has established the Criminal Code. We have also a Department of Industry which should be responsible for setting standards relating to automobile safety equipment. The code treatment which has been proposed by the Minister of Industry will deal with the human, mechanical and environmental aspects of automobile safety. I hope that at this conference which is proposed all interested parties would have an opportunity for presentations. This would include unions, associations, clubs, manufacturers, provincial authorities, roadbuilding officials, municipal officials—all the people who are concerned with automobile safety across this country.

If we are to have any semblance of order, then these programs must be adopted. There is no reason why all the municipalities and all the provinces together with the federal government cannot agree on a simplified, standard traffic code for this country. Perhaps conditions vary slightly from one province to the other but it does seem to be nonsense for each province to have different standards, particularly when we are inviting people to drive across Canada and encouraging visitors to come to Canada.

In closing, Mr. Speaker, I urge the Minister of Industry at the earliest opportunity, to bring before the house the Canada-U.S. automobile agreement, so that we can examine it. We have not accepted it in the house as yet, but in theory we have accepted a continental automobile industry. I suggest that in the future we will also have a continental approach to traffic. Some members have given notice of their intention to introduce legislation in this field. If we have to legislate here, we must be very careful that we do not pass laws which will not apply to automobiles coming from the United States, and vice-versa.

I am not here to defend manufacturers, to defend governments or to defend anyone. This is a social problem. We spend millions and millions of dollars on old age pensioners, on grants to put our children through school and so on. This is a problem that can be cured and we know the cure if we will get down to work and adopt it. Last year the provinces gathered together, from taxes on gasoline, diesel fuel and motor vehicle license fees, $831 million. This is a sizeable amount of money, and I strongly believe part of this money should be spent on highway safety investigation. The federal government, because it is the central government, must take the lead. We have been neglecting the problem. We must accept the responsibility. Certainly the fact the provinces have jurisdiction presents a difficulty, but we have had experience in that particular field.

• (5:40 p.m.)

As I said at the beginning my purpose is not to criticize any particular group. To me, the best interest is to act in accordance with the leadership of the federal government. We know that modern scientific techniques which have been applied to car and truck manufacturing, to the building of roads and bridges and to driver training can bring about a program that will substantially reduce traffic fatalities. Mr. Speaker, we have waited too long to bring this about. I suggest we start now.

Mr. J. M. Forrestall (Halifax): Mr. Speaker, in the few moments remaining in the Budget debate I wanted to place on the record matters that, had there been an extra 10 or 15 minutes, I should have gone into more thoroughly. However, I am grateful for the one or two remaining moments.

The first thing I wish to do is to thank the minister, and particularly the government, for the stated attitude that has been taken toward the maritime area, because the government will sit down in the near future with the provinces to discuss federal-provincial tax sharing for the period 1967 to 1972.

I hope that this attitude will be followed through to its hoped for completion. In my province of Nova Scotia this could result in an increase in revenue to the province of something in excess of $50 million. I hope, Mr. Speaker, that the minister will not stray

from these declared intentions. Indeed I hope and it remains a continuing hope that the government in the striking of a new basis for the sharing will not veer from the national average, but rather will stick to the average of the two highest provinces and use this as a yardstick when it enters into the tax sharing conference in the fall.

Very briefly, may I in one minute deal with what is rapidly developing into one of the most serious labour crises in the country. I refer briefly to two situations, the first concerning defence employees at H.M.C. Dockyard in Halifax, and the second concerning the army depot and naval magazine at H.M.C.S. *Shearwater,* where there is continued discrimination against certain kinds of employees.

Will you be good enough, Mr. Speaker, at the appropriate time to tell me when I should stop my remarks.

I do not propose to trace the history of the founding formula for the prevailing rates policy. It goes back to 1934 and 1935. I simply suggest that, perhaps, 30 years later it is time that the government found some other basis upon which to look at the matter of payment of hourly paid employees within the Department of National Defence throughout Canada.

Mr. Speaker: Order, please. I draw to the hon. member's attention that the time has come for him to complete his remarks.

It being 5.45 o'clock it is my duty pursuant to special order made on Thursday last to interrupt these proceedings forthwith and to put the question on the main motion. Is it the pleasure of the house to adopt the motion?

Mr. Diefenbaker: On division.

Motion (Mr. Sharp) agreed to on division.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

CUSTOMS TARIFF

1. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 945-1, 7905-1, 20925-1, 21045-1, 23505-1, 23705-1, 24100-1, 26325-1, 41105-1, 42205-1, 44043-1, 44047-1, 44125-1, 70500-1, 70505-1 and 84805-1, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Progress reported.

BUSINESS OF THE HOUSE

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): May I ask the house leader what the business of the house will be from Monday next?

Hon. G. J. McIlraith (Minister of Public Works): It is a pleasure to be asked in such a way by such a member. The business for Monday and Tuesday will be as indicated last night.

The first item is No. 47 on the order paper, the resolution to introduce a measure to provide for collective bargaining for the public service; then item 42, second reading of Bill C-165, to provide for the construction of the Canadian National branch line in Northern Ontario; then item 15, second reading of Bill C-149, to provide for the establishment of a Science Council of Canada; then item 4, second reading of Bill C-150, to amend the Research Council Act; then item 8, with the house in committee on Bill C-145, to provide for the commercial fisheries in Canada; then the bill which is in today's *Votes and Proceedings,* to amend the Combines Investigation Act, and the Criminal Code.

The Deputy Speaker: Would I be expressing the wish of the house if I called it six o'clock?

Some hon. Members: Agreed.

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

HOUSE OF COMMONS

Monday, April 25, 1966

The house met at 2.30 p.m.

• (2:40 p.m.)

REDISTRIBUTION

ALLOCATION OF TIME FOR CONSIDERATION OF OBJECTIONS

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, in accordance with the provisions of standing order 15A, I propose that the question of allocation of time for the consideration of objections made pursuant to section 20 of the Electoral Boundaries Readjustment Act be referred to the business committee. Before you read my proposal, Mr. Speaker, since this is the first time this rule has been invoked in the house, I would like the indulgence of the house to make a brief explanation of the reason it is put forward at this time.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. McIlraith: The reason for putting it forward is that the house leaders have been considering the method of having the debate on the redistribution objections conducted in a way that would be satisfactory to all hon. members, in the sense that it would give them a fair and equitable proportion of the time for discussing the various matters as they relate to their particular parts of the country.

There are some 33 notices of objections before the Chair, and they are distributed among nine provinces.

Mr. Diefenbaker: Could you give the numbers for each province?

Mr. McIlraith: Yes. For Alberta there is one, but it relates to all the districts. For British Columbia there is one relating to all the districts and another relating to an individual constituency. For Manitoba there is one relating to all the districts. For New Brunswick there is one relating to all the districts. For Nova Scotia there are three relating to individual constituencies. For Ontario there is one relating to all the districts and four relating to individual constituencies. For Prince Edward Island there is one relating to all the districts. For Quebec there are two relating to all the districts and 18 relating to individual constituencies. For Saskatchewan there is one relating to all the districts. That makes a total of 33, of which 24 relate to individual constituencies. Therefore it would seem that there should be some method of apportioning time to give some reasonably fair distribution of the time to discuss the various types of objections. For instance, some of the objections relating to individual constituencies concern only the use of names and things like that.

While there is every prospect that we may have a satisfactory agreement, I thought it well to give this notice under the standing order. I hope that when we start the debate on Wednesday we will not have to use the procedure under standing order 15A at all. However, if we do it will be only to have the total amount of time fixed by statute evenly distributed among the various provinces.

Mr. Kindt: Mr. Speaker, is there any possibility of having a discussion on this? I ask because I am a member from Alberta; my name is on a list along with 17 other members from Alberta, and I intend to talk on redistribution.

Mr. McIlraith: The whole purpose of the rule is that the discussion on the allocation of time, instead of taking place in the house, would take place among the party house leaders.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I would like to answer the house leader for a moment. First of all I am rather surprised that he would introduce this motion at this stage without first setting up the business committee. Actually, as the house leader himself has said, the new rules in this respect have not been applied previously, but as I understood them we would set up a business committee which would sit down and work out these proposals and then submit a notice saying, "We are going to allocate such an amount of time." This proposal could have the appearance of a guillotine, to say we would have so much time to discuss a very important question, namely redistribution. The right to discuss this question is in accordance with the act which we passed in parliament.

I know the house leader will agree with me that all the problems are not being raised by one party. They are being raised by members in all parties. He has only to talk to some of the members of his own party to understand the difficulties involved, because everybody in every province of Canada is concerned about the problem.

I think this is very important to our discussion. I am answering the house leader's remarks quickly now, but this could develop into somewhat of a contentious problem. If this matter could be worked out amicably then the problem probably could be solved much more easily. However, by doing it in this way before the business committee is set up and before there is a meeting of the house leaders, the government is saying in effect "We are going to serve notice that if the guillotine is needed to get on with this, we will use it".

On this side of the house we have taken a stand in respect of the redistribution act. We pointed out the difficulties which the members of the house leader's own party and the government now realize exist in that act. There are certain problems which will arise in this debate.

Mr. Speaker: Order, please.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, following the remarks made this afternoon by the government house leader (Mr. McIlraith) to the effect that 33 petitions have been submitted to the house with regard to the readjustment of electoral boundaries as suggested by the various federal-provincial commissions, I wish to point out to the minister that 158 federal members of all political parties in the house have objected to the electoral boundaries proposed by those various federal-provincial commissions.

Mr. Speaker, there appears in my name on the order paper, under the heading of public bills, Bill No. C-143 entitled an act to repeal the Electoral Boundaries Readjustment Act which deals with the matter now under discussion.

Now, would the government house leader agree that Wednesday, for instance, we start by considering this bill, after obtaining the unanimous consent of the house, so as to determine what the federal members, Liberal, Conservative or others, want to decide or discuss in this connection?

[Mr. Woolliams.]

Mr. Speaker, I understand that the government house leader said there are 33 petitions, which means that 158 federal members are not at all satisfied about the new federal boundaries suggested by the federal-provincial commissions.

Mr. Speaker, I would like the Minister of Public Works to be clear and precise on that subject. We are not going to accept a motion limiting the debate and imposing closure on any member of the house. We want him to be precise and to give the house the opportunity to discuss freely the new electoral boundaries.

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but I must tell him as well as the other members of the house that it is out of order to start a debate at this time. There is no motion before the house. As a matter of fact, the Minister of Public Works (Mr. McIlraith) made this proposal in order to have the hon. members' arguments studied by the special committee. That is the minister's suggestion. We would therefore be making a mistake if we kept up a debate on the subject of redistribution when all we have is a simple suggestion made under standing order 15-A. I would ask hon. members who want to make representations along the lines of those just made by the hon. member for Villeneuve (Mr. Caouette) and which undoubtedly deserve all possible consideration, to submit them to that committee for study, when it has been set up.

Mr. Caouette: Mr. Speaker, on a point of order.

In the same circumstances, should you not have called the Minister of Public Works to order? I do not think he had the authorization to deal with that matter the way he did a little earlier.

Mr. Speaker: I am under the impression that the minister wanted to explain why he wanted to make that proposal to the house. He did not have to make it. He did it as a matter of courtesy to the house.

Mr. Raymond Langlois (Mégantic): If the government house leader had made this proposition for consideration by the house, perhaps he did not have the right to do so. I believe, as you said, that he did so by courtesy. Now, if he was allowed to make this proposition, I think we have the right to say why we do not accept it.

Mr. Speaker: Order. Suggestions which hon. members would like to make should be conveyed through their spokesman during the meeting of the committee in question.

• (2:50 p.m.)

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, on the point of order, and in regard to the last remarks made by Your Honour, may I respectfully submit that there is no business committee and that no request has been made of any party leader to name members to a business committee. Although standing order 15-A(3) says there shall be a report back from the business committee, there can be no compliance with rule 15-A(3), which sets a time limit, since it is non-operative in that there cannot be a reference dated from today to a non-existing committee. Therefore the first step must be to establish the business committee, and I think Your Honour will agree there is no such committee.

Mr. Speaker: Without entering into a discussion with the hon. member I may say that notification has been received from each of the parties as to their nominees to the committee. It is my understanding in view of that fact that the committee does exist, because that is the only requirement we have at the moment under the rules. As the Minister of Public Works has pointed out, this is a new rule and naturally there will be some difficulty in putting it into proper working order. The suggestions made by hon. members will be taken into consideration by the Chair and, I am sure, by the government house leader.

Hon. Michael Starr (Ontario): Mr. Speaker, after hearing the arguments proposed by the government house leader and others, and in order that we may proceed with this debate on a more amicable basis as a result of a meeting of house leaders and others regarding the appropriate allocation of time, I wonder whether the house leader would consider withdrawing this notice of motion.

Mr. McIlraith: Mr. Speaker, there seems to be some misunderstanding about what has been done.

Mr. Diefenbaker: Would the minister explain what has been done?

Mr. McIlraith: Yes, Mr. Speaker, I will be very pleased to do so. The time for this debate is fixed by statute, and there is no suggestion that we are limiting the time allotted in that regard. However, there are 33 motions to be disposed of within the statutory time limit. The only way of obtaining the assurance that there would be a fair and equitable distribution of the time to be devoted to the consideration of each of these motions was by unanimous agreement of the house leaders, which I am very hopeful we will obtain.

I may say there is every indication, if we avail ourselves of this rule which provides that in the event of unanimous agreement of the business committee an agreement can be made an order of the house, that this will be done. It was for this reason, and this reason alone, that I gave the notice.

Mr. Woolliams: Mr. Speaker, may I ask the minister a question. I do not think the minister is suggesting that by statute there is a time limit for the debate. There is a limit as to the time in which to debate the subject after the commissioners have filed reports with the Speaker. I do not think the minister is suggesting for a moment that the statute itself limits the time for consideration of the matter. It was my impression when he moved the motion that he was setting the time limit.

Mr. McIlraith: No, Mr. Speaker. I am afraid I cannot agree with either part of my hon. friend's remarks.

Mr. Woolliams: Well, do you agree with the first part?

Mr. McIlraith: No.

Mr. Woolliams: Then I will put the question.

Mr. Speaker: Order, please. Will hon. members not agree with the Chair that we are not making any progress now? As I understand it there have been discussions until now among the party representatives, and I gather—

Some hon. Members: No.

Mr. Speaker: —that these discussions will continue.

Some hon. Members: No.

Mr. Speaker: I am just saying what my understanding is. I may be wrong, but I gathered that representatives of the different parties in the house had been discussing the modality of discussion in connection with the debate under the redistribution act. If not, I assume that this type of discussion will take place and if no progress is made, if there can be no agreement among the parties, at that point a time might be set for opposition objection to be discussed in the house. But I suggest to hon. members that this is certainly

not the time, on orders of the day, to try to regulate the debate which we will have under the redistribution act later this week.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): With great deference, Mr. Speaker, I think there is a very significant principle at stake here. The minister has stated that by statute we are limited in the time the house can take for the discussion of this matter. My understanding—and I have not looked up the law; I did not expect this matter to be raised today—is that the only fixation is that in so many days after the reports are made the discussion shall have taken place and be completed.

What the minister is saying, in effect, is that having delayed so long in introducing this matter he now has but a few days, and because of the failure of the government to introduce it earlier we are to be subjected to a guillotine to be fixed by the government. That is something we will not accept, Mr. Speaker, with great deference.

It is a serious step that is being taken. The government is asking parliament not to debate this matter at greater length because it failed to bring the matter before parliament in the intervening weeks since the house began the session. Surely we cannot be limited by self serving action on the part of the government to save itself from the consequences of its failure to bring this matter before parliament.

Some hon. Members: Hear, hear.

Mr. Speaker: Order. Whether or not the point raised by the right hon. Leader of the Opposition is well taken, I suggest again that this is not the time to reach a decision on the matter. In due course, perhaps when the motion is made later on or after we have discussed the different objections in the house, there may be further consideration by hon. members on whether there should be a time limit. But I suggest we cannot decide the question at this time.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my understanding of the situation is that by statute the debate on the redistribution question has to be completed by a week from next Wednesday.

Mr. McIlraith: That is correct.

Mr. Douglas: The whole purpose of the motion by the house leader for the government is that the time between now, or whenever the debate starts, and a week from Wednesday should be allocated by the business committee of the house in such a way that every member who has an objection will have an opportunity to state that objection, rather than having a few of the objections dealt with and the rest left untouched.

• (3:00 p.m.)

I can see no harm in referring this matter to the business committee. My understanding of the new rules is that the business committee still has to report back and ask for an order of the house with reference to any allocation of time. We are not allocating time by this motion. All we are doing is to ask the business committee to discuss the matter and, if they agree, to make a report back and ask for an order of the house allocating time during the period when the debate starts and when it must end a week from next Wednesday. If there is some dispute as to the legislation, to the effect that the debate does not have to end a week from next Wednesday, then we can discuss that matter when the order of the house comes up for discussion, and the house leaders can also discuss it.

It seems to me that the quickest way to dispose of this right now is to agree that the house ask the business committee to look into that matter and see whether there is any possibility of allocating time in such a fair and equitable manner that all members who have complaints may have an opportunity of registering their opposition.

[*Translation*]

Mr. Caouette: Mr. Speaker, on the point of order, you were perfectly right a moment ago when you said that the business committee had not yet been established.

In the circumstances I do not think that the Minister of Public Works should have raised the question before the house at this time. That there should be a meeting of the house leaders to find out how matters stand, it would seem to me that it would be normal to start by that, and then establish the business committee, and report to the house what the house leaders or the business committee have decided.

But, as you said a while ago, no business committee has yet been constituted.

I suggest, pursuant to standing orders, that on this question you ask the Minister of Public Works not to rise again, but wait for the meeting of the house leaders of the various parties and establish the business committee, so that we know exactly where we are going, because, at this time, we do not

know where we are going and where, in particular, the Minister of Public Works wants to lead us.

[*English*]

BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. Gérard Pelletier (Hochelaga) moved that the second report of the standing committee on broadcasting, films and assistance to the arts, presented to the house on the 22nd instant, be now concurred in.

He said:

[*Translation*]

Mr. Speaker, notice of this motion was given Friday.

[*English*]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I oppose this motion, as I think many members of the house do, in view of the manner in which it is presented. I believe the house has made some decisions regarding the effective operation of committees. It seems to me that if two or three committees ask permission to sit indefinitely while the house is sitting, then a large number of members are precluded from attending this house, and this is not advantageous.

I would have no objection—I think many hon. members of the house feel this way—if on occasion, when witnesses are being heard by a committee, the house were asked to give the committee permission to sit while the house is sitting, for that specific purpose. I would not oppose the motion if the wording were to indicate a limit on the length of time for which the request is made. I presume that if the mover and seconder limited their request to the rest of this week this would probably suffice, and would eliminate the need for a further outline of why opposition is taken to the motion.

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, it was my intention to move an amendment to the report, having had informal consultations, to the effect that the committee have leave to sit only during this week, but I am informed that such an amendment would be out of order. I would hope that the house would pass this motion today if it were to give unanimous consent that the motion be amended to this effect. It would be improper for me to make such an amendment, but I would ask the house to concur in the chairman's report, subject to the committee being authorized to meet while the house is sitting from Monday, April 25 to Thursday, April 28 inclusive.

Mr. Speaker: Is there unanimous consent to the proposition advanced by the hon. member for Vancouver-Burrard (Mr. Basford)?

Some hon. Members: Agreed.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion, following amendment of the report?

Some hon. Members: Agreed.

Motion agreed to.

CRIMINAL CODE

AMENDMENTS RESPECTING COMMUTATION OF DEATH SENTENCES

On the order:

Introduction of bills. Mr. Choquette—Bill intituled an act to amend the Criminal Code (repeal of power to commute a sentence of death).

Mr. Speaker: On Thursday, April 21 last the right hon. Leader of the Opposition (Mr. Diefenbaker) rose on a point of order in respect of a bill appearing on the order paper in the name of the hon. member for Lotbinière (Mr. Choquette) intituled "an act to amend the Criminal Code (repeal of power to commute a sentence of death)". The Leader of the Opposition then stated that there can be no interference with the Queen's right to grant mercy and that such bill ought not to be on the order paper, as being unconstitutional and improper.

As hon. members know, the Speaker does not give a decision upon a constitutional question nor decide a question of law. However, it is his duty to ascertain that there is no departure from our standing orders or the ordinary conduct of our proceedings or legislative business.

In the same manner as, for instance, it is the duty of the Speaker to determine whether a bill involves an expenditure of money and, if it does, to see that the expenditure be first considered as a resolution in committee of the whole and that such resolution be accompanied by the recommendation of the Governor General, it is in the present case the duty of the Speaker to determine whether this bill interferes with the Queen's prerogatives and to see that the proper procedure be followed.

Criminal Code

Reference to page 413 of Bourinot's fourth edition and citation 283 of Beauchesne's fourth edition indicates that the consent of the crown is always necessary in matters involving the prerogatives of the crown, and that such consent may be given at any stage of a bill before final passage, though in the Canadian house it is generally signified on the motion for second reading. This consent may be given by a special message or by a verbal statement by a minister, the latter being the usual procedure in such cases.

• (3:10 p.m.)

It will also be seen that a bill may be permitted to proceed to the very last stage without receiving the consent of the crown, but if it is not given at the last stage the Speaker will refuse to put the question. It is also stated that if the introducer of a bill finds, from the statements of a minister, that the consent will be withheld, he has no alternative open to him except to withdraw the measure.

I now have had an opportunity to peruse the provisions of the bill in the name of the hon. member for Lotbinière. It would seem to me that the bill purports to amend the Criminal Code by deleting subsection 2 of section 655 and also section 656. This subsection and section give the Governor in Council certain statutory powers with regard to pardon and commutation of sentence which, according to the terms of section 658 of the code, do not affect in any manner Her Majesty's royal prerogative of mercy. If, as stated in the code, subsection 2 of section 655 and section 656 do not in any manner affect Her Majesty's royal prerogative of mercy, I have difficulty in coming to the conclusion that amending them or deleting them would affect such royal prerogative. Section 658 of the Criminal Code reads as follows:

658. Nothing in this act in any manner limits or affects Her Majesty's royal prerogative of mercy.

In my opinion it is reasonable to conclude that the provisions of this section are not affected in any way by the hon. member's bill. In other words, the crown's prerogative of mercy is not affected but only the exercise of the statutory powers of the Governor in Council.

Taking that into consideration and also the fact that it is the passing of a bill rather than the introduction thereof which would constitute an infringement of the royal prerogative, I think I should come to the conclusion to permit the motion for leave to introduce such a bill and to let the house decide by their vote if such a motion should be adopted.

[Mr. Speaker.]

[*Translation*]

Mr. Auguste Choquette (Lotbinière) moved for leave to introduce Bill No. C-168, to amend the Criminal Code (Repeal of Power to Commute a Sentence of death).

Some hon. Members: Explain.

Mr. Choquette: I understand the deep royalist dissent of the Leader of the Opposition (Mr. Diefenbaker), but I must admit that I am submitting this bill in all good faith.

Let me explain: Since 1963, all death sentences have been commuted by the present government. In addition, when the vote was taken recently on the question of capital punishment, most cabinet members were in favour of its abolition. Therefore, I saw fit to introduce this bill so that a judicial type body might be empowered to commute death sentences, thus withdrawing such power from the cabinet.

[*English*]

Mr. Speaker: Is it the wish of the house that the hon. member shall have leave to introduce the said bill?

Mr. Diefenbaker: No.

Mr. Churchill: No.

Some hon. Members: No.

Mr. Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

• (3:30 p.m.)

The house divided on the motion (Mr. Choquette) which was agreed to on the following division:

YEAS

Messrs:

Allmand	Cardin
Badanai	Caron
Barnett	Carter
Batten	Choquette
Béchard	Chrétien
Benson	Clermont
Brewin	Côté (Longueuil)
Brown	Crossman
Cadieux (Terrebonne)	Davis
Cameron (Nanaimo-Cowichan-The Islands)	Deachman
Caouette	Douglas
	Dubé

Duquet
Émard
Éthier
Fawcett
Foy
Gauthier
Gray
Greene
Grégoire
Groos
Habel
Haidasz
Harley
Hellyer
Herridge
Hopkins
Howe (Hamilton South)
Hymmen
Isabelle
Johnston
Laing
Langlois (Mégantic)
Laprise
Leboe
Lefebvre
Legault
Lessard
Lewis
Loiselle
Mackasey
McIlraith
McNulty
McWilliam
Marchand
Martin (Timmins)
Mather
Matte
Morison
Nixon
O'Keefe
Olson
Orange
Patterson
Pearson
Pelletier
Pennell
Peters
Pickersgill
Pilon
Prud'homme
Richard
Rideout (Mrs.)
Rinfret
Robichaud
Rock
Saltsman
Schreyer
Sharp
Simard
Stanbury
Stewart
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Trudeau
Turner
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Winters
Yanakis—93.

NAYS

Messrs:

Aiken
Ballard
Basford
Beaulieu
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Bower
Brand
Cadieu (Meadow Lake)
Cantelon
Chatterton
Churchill
Coates
Code
Crouse
Danforth
Diefenbaker
Dinsdale
Fane
Forrestall
Hales
Hamilton
Harkness
Horner (Acadia)
Jorgenson
Kennedy
Kindt
Korchinski
Lambert
MacEwan
MacInnis (Cape Breton South)
MacRae
McCutcheon
McIntosh
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nesbitt
Nielsen
Noble
Nowlan
Nugent
Pascoe
Pugh
Rapp
Régimbald
Ricard
Scott (Victoria (Ont.))
Simpson
Southam
Starr
Watson (Assiniboia)
Webb
Winkler
Woolliams—55.

• (3:40 p.m.)

Mr. Speaker: I declare the motion carried. Mr. Choquette, seconded by Mr. Caron, moves that the said bill be now read the first time. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: On division.

Motion agreed to on division and bill read the first time.

COMBINES INVESTIGATION ACT AND CRIMINAL CODE

EXTENSION OF MORATORIUM RESPECTING B.C. FISHING INDUSTRY

Hon. L. T. Pennell (for the President of the Privy Council) moved for leave to introduce Bill No. C-169, an Act to amend an Act to amend the Combines Investigation Act and the Criminal Code.

Some hon. Members: Explain.

Mr. Pennell: Mr. Speaker, I understand that two sessions ago an amendment was made providing for the exemption of fishermen in British Columbia in view of difficulties in respect of the Combines Investigation Act. It is my understanding that this bill provides for a further extension of this exemption.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, as the Leader of the Opposition (Mr. Diefenbaker) said, provided there is no interference with the rights of Her Majesty.

[*English*]

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PAYMENTS TO RAILWAY COMPANIES FOR ELECTION SERVICES

Question No. 139—**Mr. Caouette:**

1. Do returning officers receive telecommunication or express through the C.N.R. or through the C.P.R.?

2. How much did the government spend for C.N.R. services during the last election?

3. How much did the government spend for C.P.R. services during the last election?

4. What was the amount of the C.N.R.'s debt in 1963?

Hon. Judy V. LaMarsh (Secretary of State): In so far as the Chief Electoral Officer is concerned:

1. Yes.

2. Up to and including March 31, 1966, this office spent $15,515.62.

Questions

3. Up to and including March 31, 1966, this office spent $5,893.67.

In so far as the Department of Transport is concerned:

4. The amount of Canadian National's long term debt as at December 31st, 1963, was as follows:

Bonds	$1,380,898,764
Government of Canada loans and debentures	410,354,762
Total long term debt	$1,791,253,526

FEDERAL ELECTION EXPENDITURES

Question No. 140—**Mr. Caouette:**

1. How many employees did the government hire for the last federal election?

2. What was the cost of each of the following items for the said election (a) salaries (b) rentals (c) stationery (d) publicity and other?

3. What is the total amount of government expenditures for the last election?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Chief Electoral Officer as follows: 1. 194,785 employees.

2. Up to April 15, 1966

(a) Salaries	$8,165,881.70
(b) Rentals	$1,571,118.10
(c) Stationery	$ 5,277.04
(d) Publicity	$ 227.00
Printing of election material and other	$3,166,685.38

3. Total: $12,909,189.22

*USE OF RIFLES BY PENITENTIARY GUARDS

Question No. 726—**Mr. Alkenbrack:**

1. With respect to the recent escape of prisoners of the Collin's Bay penitentiary, was the utilization of one of the rifles issued to a guard impeded by grease on the bolt?

2. Do guards at penitentiaries have daily inspection of their rifles and, if not, what is the reason?

3. Is it mandatory that penitentiary guards shoot in order to prevent an escape of a prisoner or prisoners and, if not, what is the reason?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the answer is as follows:

1. The inquiry found that the rifle malfunctioned in consequence of having been oiled in storage and moved from the warm armoury to the extreme cold outside. The commissioner of inquiry has found that it was an unfortunate circumstance and that no one should be blamed for the incident.

2. In maximum security institutions, rifles are inspected upon issue to an officer when he takes over duties requiring him to be armed; they are inspected again upon the return of the rifle to the armoury.

In medium security institutions, rifles are issued only in cases of emergency. They are inspected when issued.

No firearms of any kind are held at the minimum security institutions.

3. It is not mandatory that penitentiary guards shoot in order to prevent an escape. Officers may use firearms to prevent an escape when that is a reasonable course to adopt in the circumstances.

CANADIAN PARTICIPATION IN ICAO

Question No. 732—**Mr. Caouette:**

1. What is Canada's contribution to the International Civil Aviation Organization?

2. What are the standards used in assessing this contribution?

3. How many Canadian representatives are in this organization and (a) how many are basically French speaking (b) how many are basically English speaking (c) what are their functions and their remuneration for each committee or commission of this organization?

4. What is the part played, if any, by the government in this organization?

5. What is the total cost of the Canadian participation in this organization?

[*Translation*]

Hon. Paul Martin (Secretary of State for External Affairs): 1. Canada's contribution to the International Civil Aviation Organization for the calendar year 1966 is $251,216.00. (U.S.) or 4.20 per cent of the total assessment of member states of the Organization for that year.

2. The principles applied to determine the annual contributions of member states (Contracting States) of the International Civil Aviation Organization which were confirmed by the ICAO Assembly in 1965 are as follows:

(a) The general principles determining the basis of apportionment of expenses among Contracting States: (i) capacity of Contracting States to pay, as measured by national income, taking into consideration national income per head of population; (ii) a Contracting State's interest and importance in civil aviation; (iii) the use of a percentage system to apportion each State's share of the expenses of the Organization out of the total of 100 per cent; (iv) the determination of a minimum and a maximum contribution.

(b) In respect of the principles at paragraph (a): (i) the percentage system should express the contributions of States to two

places of decimals; (ii) the minimum contribution of any one Contracting State should be .13 per cent for a full financial year; (iii) the contribution to be paid by any one Contracting State in any one year should not, in principle, exceed 30 per cent of the total contribution.

(c) In the application of the principles at paragraph (a) the following should be taken into account: (i) in the computation of the scale, capacity to pay should carry a weight of 75% and interest and importance in civil aviation a weight of 25%, and from these should be obtained coefficient figures for each State expressed as percentages of the whole; (ii) in taking account of the capacity of Contracting States to pay, only total national income per capita income should be considered as being subject to quantitative evaluation and to inclusion in the computed scale; (iii) the adjustment to each State's national income should be based on a maximum possible reduction of 50% for States having a per capita income of less than $1,000; (iv) interest and importance in civil aviation should be measured by the capacity tonne-kilometres available on each State's scheduled air services; (v) capacity tonne-kilometres should be given a weight of 75% for international services and 25% for domestic services.

(d) The difference between the maximum contribution by application of the principles and the fixed maximum contribution should be distributed over the remaining Contracting States by applying the same principles.

(e) The increase in a State's contribution as compared with the previous year's, expressed in per cent of the total contribution, should not exceed 10% of the previous year's contribution or .07% of the total contribution, whichever is the higher.

(f) The per capita contribution ceiling principle should be evaluated by judgment.

3. There are two Canadian representatives at the International Civil Aviation Organization. One is the representative of Canada on the Council, the governing body of the Organization. He is also a member of each of three bodies subordinate to the Council, the Air Transport Committee, the Finance Committee, and the Committee on Joint Support of Air Navigation Services. He is bilingual. His mother tongue is English. His annual salary is $16,006. The other Canadian representative is a member of the Air Navigation Commission. He is English speaking. His annual salary is $11,554.

23033—267½

4. As a country with a substantial interest in international air transport, Canada has contributed to the establishment and development of the International Civil Aviation Organization. Canada participated in the founding of the Organization at the Chicago Conference of 1944. Since 1947 when ICAO formally came into existence, Canada has been represented on the Council and has provided a member of the Air Navigation Commission. As the headquarters of ICAO is located in Montreal, Canada is host to the Organization.

5. In addition to the payment of an annual contribution, the Government of Canada provides ICAO with office accommodation and the usual related services in the International Aviation Building in Montreal, the annual operating cost of which is approximately $379,000 more than the annual rent paid to the Government by ICAO.

[*English*]

COST OF ARMED FORCES SCHOOLS

Question No. 892—**Mr. Prittie:**

1. What was the cost of operating the following joint service colleges in 1965-66, and what will be the estimated cost in 1966-67 (a) Royal Military College (b) Collège Militaire Royal (c) Royal Roads?

2. What was the cost of operating schools for service dependants in Canada and overseas for the calendar year 1964, and what will be the estimated cost of operating these schools for the calendar years 1965 and 1966?

Hon. Paul Hellyer (Minister of National Defence): 1. The annual estimated operating costs for the Canadian services colleges is shown below. These estimates include—military pay and allowances, civilian salaries and wages, cadets' transportation costs to and from training units, food supplies, camp stores, laundry and dry cleaning, clothing and personal equipment, operation, maintenance and repairs of buildings, and miscellaneous supplies.

	Royal Military College (a)	College Militaire Royal (b)	Royal Roads (c)
1965-66	$3,600,000	$2,600,000	$1,200,000
1966-67	3,800,000	2,700,000	1,300,000

2. The financial records of the Department of National Defence are based on a fiscal rather than a calendar year and are not maintained in a manner which will permit the ready identification of all items related to the cost of operating schools for service dependants. However, based on the following criteria: (a) Salaries for the teachers and the

other staff members; (b) transportation of pupils; (c) rentals; (d) operation, maintenance and repairs; (e) furniture, textbooks and supplies; (f) miscellaneous expenses, including liability insurance, sports and special classes; and (g) included in the costs for overseas are the transportation costs for the teachers to and from Europe.

An estimate of costs for 1964 and 1965 have been worked out as well as what it may be expected to cost in 1966, i.e.

	1964	1965	1966
In Canada	$6,747,000	$6,871,000	$6,067,000
In Europe	3,756,000	3,630,000	3,814,000

ARDA PROJECT, TÉMISCAMINGUE COUNTY

Question No. 925—**Mr. Lefebvre:**

Will the county of Témiscamingue soon have a pilot project and full development and, if so (a) what is this project (b) how much will be spent for this project (c) does the ARDA program provide for a complete study of this county?

Hon. Maurice Sauvé (Minister of Forestry): 1. To date, the province of Québec has not submitted a proposal to cover a pilot project for the county of Témiscamingue.

(a) Answered by 1 above.

(b) Answered by 1 above.

(c) The province may submit project proposals for consideration under Part I of the federal-provincial rural development agreement 1965-70 to undertake jointly, physical, social and economic research concerning any of the projects or programs under this agreement. Basic physical and biological research is not considered pertinent to the intent of the act.

ARDA AGREEMENTS

Question No. 968—**Mr. Stefanson:**

1. On what date did the first ARDA agreement expire?

2. On what dates was the second ARDA agreement signed with each of the provinces and who signed them?

3. What is the effective date of these agreements and when do they expire?

4. How much money has the federal government allocated for the duration of the agreements and on what basis will it be allotted to the provinces?

Hon. Maurice Sauvé (Minister of Forestry): 1. March 31, 1965.

2. British Columbia, May 25, 1965; Saskatchewan, April 20, 1965; Alberta, April 15, 1965; Manitoba, July 29, 1965; Ontario, April 9, 1965; Quebec, May 18, 1965; New Brunswick, April 21, 1965; Nova Scotia, May 28, 1965; Prince Edward Island, April 6, 1965; Newfoundland, May 13, 1965.

In each case, the Minister of Agriculture of each province signed the agreement, except for the province of Newfoundland it was Premier Joseph R. Smallwood, minister of Economic Development, acting in this capacity.

3. Effective date, April 1, 1965—Expiry date, March 31, 1970.

4. (a) An amount of $125 million has been approved for allocation to the provinces. (b) The annual allotment available to the province shall be determined as follows: (a) an initial amount of $375,000; (b) the balance of the allotment shall be calculated according to a formula based on the following factors as recorded in the 1961 census of Canada, each given equal weight: (i) the rural population of the province expressed as a percentage of the rural population of the ten provinces combined; and (ii) the number of rural non-farm families in the province with a family income less than $3,000 per year expressed as a percentage of the number of such families in the ten provinces combined; and (iii) the number of farms (excluding residential and institutional farms) with a total capital value of less than $25,000 and annual sales of farm products of less than $3,750 expressed as a percentage of the number of such farms in the ten provinces combined.

ENCOURAGEMENT OF CANADA-U.K. TRADE

Question No. 1,097—**Mr. Flemming:**

1. Does the Department of Trade and Commerce attempt to draw the attention of manufacturers located in the United Kingdom to the possibilities of the sale of goods in Canada which we are presently importing and does the Department advise Canadian manufacturers of natural products of the possibilities of making sales of their products in the United Kingdom?

2. If so, what is the method of disseminating such information?

Hon. Robert Winters (Minister of Trade and Commerce): 1. (a) The responsibility for assisting United Kingdom manufacturers to sell in Canada rests largely with the staffs of the British High Commissioner's office and the eight British Trade Commissioner offices across Canada. Appropriate assistance is provided to these offices by the department when requested. (b) The department spends considerable effort in advising Canadian manufacturers and exporters of the possibilities of making sales of their products in the United Kingdom.

2. Methods of disseminating such information include: (a) Foreign Trade Magazine, a fortnightly publication of the Department of Trade and Commerce; (b) Trade missions to Britain sponsored by the department; (c) Participation in trade fairs in Britain sponsored by the department; (d) News releases, magazine and newspaper articles, speeches, and similar forms of publicity; (e) Periodic tours of Canada by trade commissioners from the three posts, London, Liverpool and Glasgow, maintained by the department; (f) Periodic tours of Canadian industry by commodity specialists and other head office personnel; (g) Personal contact with the exporting community by officers of the department's six regional offices across Canada; (h) Participation by departmental personnel in Export Study Groups, seminars, annual conventions, forums, etc.; (i) Dissemination of market access information such as tariffs, import regulations, etc., to Canadian trade associations and firms; (j) Assistance to Canadian firms on transportation, documentation and packaging problems; (k) Information on export financing through the Export Credits Insurance Corporation; (l) On request, provision by Trade Commissioners of market information, recommendation of agents, status reports on British firms, etc.

MILK SUBSIDY

Question No. 1,109—**Mr. Muir (Cape Breton North and Victoria):**

Has the Minister of National Health and Welfare received a resolution from the Cape Breton county municipal council requesting the federal government under ARDA or any appropriate agency to undertake the steps necessary to provide an economical price market for milk not required for the fluid milk market by the use of subsidy or other means and, if so, what action has been taken by the minister?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes. The dairy policy recently announced by the Minister of Agriculture includes a subsidy for milk not required for the fluid milk market.

NUCLEAR POWER PRODUCTION

Question No. 1,114—**Mr. Mather:**

What is the estimated percentage of Canada's power needs which will be produced by nuclear stations by 1980?

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys): No precise estimate can be given, since there are uncertainties in the estimate of total installed capacity of nuclear power stations and also in the estimate of the total installed capacity of all types of power stations in Canada by 1980. An approximate estimate is that the installed capacity of nuclear power stations will be just over 10 per cent of Canada's total installed electrical capacity at that time.

PUBLIC SERVICE SUPERANNUATION FUND

Question No. 1,136—**Mr. Howe (Hamilton South):**

1. In each of the past ten years, what has been the balance in the public service superannuation fund?

2. In each of the past ten years, what amount has been added to the fund by (a) civil servants' contributions (b) the government, and (c) other sources?

3. In each of the past ten years, what amount has been disbursed from the fund in (a) benefits, and (b) other expenditures?

Hon. Mitchell Sharp (Minister of Finance): 1, 2 and 3. The answers to these questions are contained in table 1, parts 1 and 2 of the report of the administration of the Public Service Superannuation Act for the fiscal year ended March 31, 1965, which was tabled in the House of Commons on March 31, 1966.

*ACTIVITIES OF F.B.I. IN CANADA

Question No. 1,151—**Mr. Basford:**

1. Do officers of the United States federal bureau of investigation operate in Canada and, if so, under what arrangement?

2. Do such arrangements provide that any operations in Canada by the F.B.I. shall be with the knowledge of and under the supervision and control of the R.C.M. Police or local Canadian police forces?

3. Are officers of the F.B.I. permitted to question Canadian residents in Canada without the presence at such questioning of an officer of the R.C.M. Police or a local Canadian police force?

4. Was Mr. Alfie Gunn, an officer of the F.B.I., permitted to question members of the Briscoe family of Clark Road, Port Moody, British Columbia, in the absence of a R.C.M. Police or local police officer and, if so, under what arrangements?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the answer is as follows: 1. Agents of the United States Federal Bureau of Investigation have no jurisdiction in Canada. Informal practices of long standing do, however, exist whereby under certain circumstances agents of the United States Federal Bureau of Investigation can secure the assistance of the Royal Canadian Mounted

Questions

Police, for the purpose of making inquiries as regards matters within the jurisdiction of the Canadian government. Each request for assistance is considered in the light of general principles established by responsible ministers over the years, as further amplified by past usage, and if it is determined to be a proper request disclosing a proper interest, a member of the Royal Canadian Mounted Police will either make the inquiry or will accompany the agent of the United States Federal Bureau of Investigation when the inquiries are made.

A reciprocal practice exists for the benefit of members of the Royal Canadian Mounted Police wishing to make inquiries in the United States.

2. Answered by No. 1.

3. Answered by No. 1.

4. No such permission was given to Mr. Gunn.

RABIES IN DOMESTIC ANIMALS

Question No. 1,153—**Mr. Laprise:**

1. How many rabies cases among domestic animals have been reported annually since 1960 (a) in Canada (b) in Quebec (c) in the constituency of Chapleau?

2. Among the animals stricken by this disease, annually, (a) how many had to be slaughtered (b) how many recovered through treatments (i) in Canada (ii) in Quebec (iii) in the constituency of Chapleau?

3. Have the losses caused by such slaughters or by the segregation of the sick animals been assessed and, if so, what has been the amount in dollars, of the annual losses (a) in Canada (b) in Quebec (c) in the constituency of Chapleau?

4. Have the owners received any compensation for their losses and if so, what has been the annual amount of the compensations (a) in Canada (b) in Quebec (c) in the constituency of Chapleau?

5. If the cost of compensation is shared by the federal government and other public bodies (a) what authority is directly responsible for such assistance, and (b) what is the financial responsibility of each participant?

6. Annually since 1960, what sums have been granted for research to fight and eradicate this disease?

Hon. J. J. Greene (Minister of Agriculture):

1.

Year	(a) Canada	(b) Quebec	(c) Constituency of Chapleau
1959-60	437	14	1
1960-61	97	11	Nil
1961-62	301	38	Nil
1962-63	336	12	Nil
1963-64	402	42	Nil
1964-65	619	122	11
1965-66 (to Feb. 28)	621	177	61

2. (a) No animals were ordered destroyed. (b) (i) Nil; (ii) Nil; (iii) Nil.

3 and 4. While no animals were ordered slaughtered, indemnity was paid to owners for those animals that died of rabies, which represents the primary loss.

3.

Year	4(a) Canada	4(b) Quebec	4(c) Constituency of Chapleau
1959-60	$ 52,879.50	$ Nil	$ Nil
1960-61	19,469.70	Nil	Nil
1961-62	32,035.00	Nil	Nil
1962-63	51,117.90	Nil	Nil
1963-64	54,576.80	5,435.00	Nil
1964-65	47,474.00	15,083.00	982.00
1965-66 (to Feb. 28)	114,713.50	23,316.00	7,837.00

[Mr. Pennell.]

5. (a) Through a federal-provincial arrangement, the provinces of Ontario and Quebec pay an indemnity to owners for animals that died as a result of rabies and the federal government re-imburses the provinces 40 per cent of the amount paid by the provinces.

(b) Since rabies is a reportable disease under the animal contagious diseases regulations, all investigations, diagnosis, control and evaluation of animals which died is handled by the Canada Department of Agriculture. The provinces of Ontario and Quebec pay an indemnity on receipt of a certificate of death issued by the department. As indicated, the federal government reimburses the provinces 40 per cent of the amount paid by the provinces.

6. Specific amounts are not detailed in Department of Agriculture estimates for rabies research and eradication. However, during the past years, 1960-66, it is estimated that $75,000 annually has been expended upon laboratory work into the problem of rabies control. In addition, considerable sums have been spent in the field for rabies control, including $117,388 for the purpose of rabies vaccine since 1960 for the free vaccination of 81,057 dogs and cats during the same period. This does not include the cost of field investigation and control services by veterinarians of the department.

Questions

UNION WITH WEST INDIES

Question No. 1,172—**Mr. Dinsdale:**

1. Has the government of Canada received enquiries from any country of the West Indies requesting union with Canada?
2. If so, which countries have made overtures and what reply has the government of Canada given?

Hon. Paul Martin (Secretary of State for External Affairs): 1. No.

2. Not applicable.

ROADS TO RESOURCES, ONTARIO

Question No. 1,178—**Mr. Reid:**

1. What is the amount paid to date to the province of Ontario under the "roads to resources" program?
2. What roads were undertaken in Ontario under the program?
3. What are the terminals of each road?
4. What was the approved total mileage of each road?
5. What is the mileage completed to date of each road?
6. What is the total cost of the mileage completed to date on each road?
7. What is the estimated cost of full completion of each road?
8. What is the estimated date of full completion of each road?
9. What payments were made each year to the province of Ontario since commencement of the program?

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys): See following table.

1. $6,662,708.01

2.	3.	4.	5.	6.	7.	8.
Savant Lake South	End of secondary highway No. 599 to Trans Canada highway No. 17	Approx. 90 miles	80 miles	$3,749,473	N/A	Complete
Foleyet to Chapleau South	End of secondary highway No. 129 at Foleyet to highway No. 129 in vicinity of Chapleau	Approx. 60 miles	60 miles	$2,603,667	N/A	Complete
Minaki South	Minaki southerly to connect with secondary highway No. 596 at Pellat	Approx. 15 miles	21 miles	$1,160,688	N/A	Complete
Nakina Northerly	Nakina northerly via Cavell to area in vicinity of Percy lake and Melchett lake	Approx. 50 miles	47 miles	$1,747,664	N/A	Complete
Flack Lake Road	Point 8 miles north of Elliott lake then northwesterly to highway No. 129	Approx. 38 miles	8 miles	$ 661,438	$1,500,000	Unknown—provincial schedule
Port Arthur North (Spruce River Road)	Point immediately east of Port Arthur northerly to the vicinity of Cheeseman lake west.	Approx. 70 miles	74 miles	$4,293,387	N/A	Complete
Lingman Lake Road	Pickle Crow northwesterly to Manitoba border in vicinity of Lingman lake	Approx. 220 miles	35 miles	$ 634,375	$6,000,000	Unknown—provincial schedule

9. 1959-60—$ 118,956.14
1960-61— 1,504,264.15
1961-62— 1,649,159.94
1962-63— 1,391,383.58
1963-64— 498,944.20
1964-65— 750,000.00
1965-66— 750,000.00

CONSTRUCTION OF REPLICA OF "GRANDE HERMINE"

Question No. 1,201—**Mr. Coates:**

Was Davie Brothers Limited, of Levis, Quebec, awarded the contract for the building of a full-size replica of Jacques Cartier's ship *Grande Hermine* and, if so (a) were tenders called for this contract (b) what were the names of the firms who submitted tenders (c) what were the amounts submitted by each firm?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Davie Brothers Ltd. of Levis, Quebec, was awarded the contract for the building of a full size replica of the *Grande Hermine* without tender call after L'École Polytechnique of Montreal, who were engaged by the Department of Northern Affairs and National Resources to provide detailed specifications for the reconstruction, advised, with the concurrence of Mr. H. I. Chapelle, curator of the new museum of history and technology of the Smithsonian Institution and an internationally recognized authority on historical shipbuilding, that Davie Brothers Ltd. were the only shipbuilding company with the capacity to meet the required tight construction deadlines and the rigorous standards for authentic replica-making. Consequently, Davie Brothers Ltd. was invited to submit a firm price quotation. On behalf of the department, Deputy Commissioner Robert Shaw of Expo '67 convened an ad hoc group composed of Messrs. Fred Rhuland of Smith-Rhuland Ltd., of Lunenburg, who built replicas of the *Bounty* and *Bluenose;* George H. Cuthbertson, Toronto naval architect; R. A. Engholm, immediate past commodore of the Royal Canadian Yacht Club; and Commodore O. C. S. Robertson. The group recommended acceptance of the submission.

ANNOUNCEMENT OF MARITIME POWER DEVELOPMENT GRANTS

Question No. 1,273—**Mr. Latulippe:**

1. Did the government approve the grant to the province of Newfoundland as recommended by the Atlantic development board for the development of power at Baie d'Espoir and, if so, on what date?

2. Was announcement of the approval of this grant made and, if so, on what date and by whom?

3. Did the government approve the grant to the province of New Brunswick as recommended by the Atlantic development board for the development of power at Mactaquac and, if so, on what date?

4. Was announcement of the approval of this grant made and, if so, on what date and by whom?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows: 1. Yes, to the Newfoundland Power Commission. March 5, 1964.

2. Yes. March 10, 1964, Hon. J. W. Pickersgill.

3. Yes. To the New Brunswick Electric Power Commission, January 10, 1964.

4. Yes. January 10, 1964, Hon. J. W. Pickersgill.

*MANPOWER MOBILITY PROGRAM

Question No. 1,213—**Mr. Coates:**

1. Has the government's manpower mobility program gone into effect and, if so, on what date?

2. Has the government earmarked funds for advertising purposes for this program and, if so (a) what newspapers will be involved (b) how much has been spent to date on advertising?

3. Have applications been received for assistance either by way of grants or loans under this program and, if so (a) how many (b) from what provinces have these applications been received (c) in what numbers?

4. Have any applications been approved to date and, if so (a) how many (b) what is the total amount of money involved?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, the answer is as follows: 1. Yes, December 28, 1965.

2. Yes, for the fiscal year ending March 31, 1966, (a) a total of 106 daily and 70 weekly newspapers were involved; (b) $131,-269.91.

3. Yes, from the effective date of the program to March 25, 1966, (a) Loans, 590; grants, 281. (b) All provinces.

(c)

Province	Loans	Grants
Newfoundland	22	10
New Brunswick	4	2
Nova Scotia	38	25
Prince Edward Island	8	4
Quebec	66	44
Ontario	376	151
Manitoba	23	6
Saskatchewan	4	1
Alberta	16	7
British Columbia	33	31

4. Yes, from the effective date of the program to March 25, 1966, (a) Loans, 384; grants, 172. (b) As of March 31, 1966, loans $84,659.95; grants, $36,313.56.

OIL AND GAS PERMIT BLOCK 66-65

Question No. 1,218—**Mr. Brand:**

1. Was oil and gas permit block 66-65 awarded jointly to British American Oil Ltd. and Pacific

Questions

Petroleums Ltd. on January 27, 1966 and, if so (a) was there any evidence of collusion between the two companies with reference to the submission of identical tenders (b) were there any other companies submitting bids and, if so, who were they and what were their bids?

2. Are British American Oil Ltd. and Pacific Petroleums Ltd. separate corporate entities, or are they part of one company?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. Oil and gas permit block 66-65, which was offered at the January 27, 1966, permit sale, was awarded to The British American Oil Company Ltd. and Pacific Petroleums Ltd. jointly for a total work bonus bid of $157,425. The two companies had submitted identical tenders on the permit block and were offered the option of acquiring it jointly or submitting further separate tenders to break the deadlock. A decision concerning the awarding of the permit block had to be reserved until the companies involved could indicate their choice of procedure. Consequently, it was not until March 1, 1966, that a letter was sent to each of the two companies confirming that in accordance with their wishes, the oil and gas permits involved were being issued to them jointly.

(a) There was no evidence of collusion between these two companies with reference to the submission of identical tenders. In the first place, the tender by the British American Oil Company Ltd. was a direct work bonus bid on the subject permit block whereas the bid by Pacific Petroleums Ltd. was a result of a slide in the amount of $53,524.50 from an unsuccessful bid on another block offered at the sale. Before the slide, the Pacific Petroleums Ltd. bid on permit block 66-65 was $103,900.50. In the second place, the bid of $157,425 was obviously the result of simply multiplying the total acreage involved in the block, 314,850 acres, by the amount of 50 cents per acre. Usually, oil companies tendering bids calculated in this fashion add on a few odd cents to prevent just such a tie situation. Both companies neglected to do this in the subject case, but it is doubtful that either will make the same mistake at a sale for some time to come.

(b) There were three bids submitted on permit block 66-65. The third company bidding on this block was Socony Mobil Oil of Canada Ltd. It is not the policy of this department to release the amounts of unsuccessful tenders; however, it can be stated that the Socony Mobil bid was considerably less than those submitted by the other two companies.

2. The British American Oil Company Ltd. and Pacific Petroleums Ltd. are separate and distinct entities.

[Mr. Brand.]

ARDA PROJECTS, GATINEAU COUNTY, QUE.

Question No. 1,223—**Mr. Isabelle:**

1. Since its inception, how many projects have been carried out and/or studies undertaken by ARDA in Gatineau county?

2. What amounts have been spent on these projects or studies?

3. To what towns, villages, municipalities and parishes do these projects and studies relate?

4. What was the nature of these projects or studies?

5. Was a preliminary report made by ARDA on a study of rural poverty in the constituencies of Gatineau, Labelle, Pontiac-Témiscamingue and Renfrew North and, if so (a) were any constituencies declared the poorest in Canada and, if so, which ones (b) did ARDA send this preliminary report to other federal government departments in order to prevent duplication of assistance?

Hon. Maurice Sauvé (Minister of Forestry): 1. To date the province of Québec has not submitted any project proposals to federal ARDA to be carried out in the Gatineau county.

2. Answered by 1.

3. Answered by 1.

4. Answered by 1.

5. A study of rural poverty was made under ARDA for the counties of Gatineau, Papineau and Pontiac, but not in all the areas suggested in the question. (a) No. (b) Yes.

PENALTY FOR PREMATURE RETIREMENT, ARMED FORCES

Question No. 1,230—**Mr. MacRae:**

1. Is it mandatory that members of the R.C.A.F. who served in world war II and who wish to retire voluntarily while under the maximum age limit for their rank, should be penalized from 5 per cent to 25 per cent of their pension, depending on their age?

2. If so, is this penalty applied to the serving members of all three armed services?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. Subsection 6 of section 10 of the Canadian Forces Superannuation Act provides that an annuity payable to any contributor under the act, whether he has had world war II service or not, who has not reached the retirement age for his rank and who retires voluntarily from the forces, be reduced, in the case of an officer,

or a man who has less than 20 years service in the regular forces, by 5 per cent for each full year by which his age at the time of retirement is less than the retirement age for his rank or, in the case of a man who has 20 years or more service in the regular forces, by 5 per cent for each full year by which his service in the regular forces is less than 25 years.

2. Yes.

PULP AND PAPER EXPORTS

Question No. 1,233—**Mr. Faulkner:**

1. What percentage of the pulp production of Canada is finished in Canada in the form of (a) fine paper (b) coarse or wrapping paper (c) paper board and specialty paper?

2. What has been the total annual value of exports from the protected sectors of the pulp and paper industry in the last five years?

3. What has been the ratio of exports to total domestic production in the protected sectors?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. (a) (b) and (c): Data available to the dominion bureau of statistics are not sufficiently detailed to disclose the quantities of pulp used to produce specific grades of paper. However, the following information is available for the year 1963:

1963	Tons
Total production of wood pulp	12,474,107
Wood pulp used in making basic paper and paperboard	8,484,040
Wood pulp exported	3,339,492
Wood pulp imported	74,208

1963	Tons
Production of "writing and reproduction paper" and "miscellaneous fine paper"	204,450
Production of "wrapping papers"	340,604
Production of "sanitary papers" (sometimes called coarse paper)	182,339
Production of "paper board"	1,299,382

No information is available on "specialty paper".

2 and 3. Export statistics are not compiled on the basis on which this question is asked.

CHANGES IN NAMES OF DEFENCE ESTABLISHMENTS

Question No. 1,234—**Mr. Forrestall:**

1. Is the government planning to drop "H.M.C.S." from the names of H.M.C.S. *Stadacona* and H.M.C.S. *Shearwater*, and replace it with "C.F.B."?

2. Is the government planning to drop "R.C.A.F." from the name R.C.A.F. station Greenwood and all other Canadian air force stations, and replace it with "C.F.B."?

Hon. Paul Hellyer (Minister of National Defence): 1. Yes, the Canadian forces base (CFB) Halifax now incorporates elements of what was H.M.C.S. *Stadacona* as well as elements of certain other units. Similarly H.M.C.S. *Shearwater* and certain other units and sub units have become the Canadian forces base Shearwater.

2. Where Canadian air force stations have become Canadian forces bases, "R.C.A.F" has been dropped from the name.

FRENCH SPEAKING STAFF, QUEEN MARY HOSPITAL, MONTREAL

Question No. 1,260—**Mr. Allard:**

1. How many French speaking physicians are there at the Queen Mary hospital in Montreal to admit and examine French speaking veterans?

2. What is the total number of medical practitioners or specialists at this hospital and of this number, how many are French speaking?

3. Under what conditions is a physician or specialist allowed in this hospital?

4. Is correspondence between physicians, specialists or the administrative office and French speaking veterans conducted in French, and is it always conducted in French?

5. What is the total number of nurses, assistant nurses, graduate nurses, maintenance, office and other staff employed at this hospital, and of this number, how many are French speaking?

6. Of the total number of persons employed at the hospital, how many are bilingual?

Hon. Roger Teillet (Minister of Veterans Affairs): 1. Patients at Queen Mary veterans hospital are examined and admitted from the out patient clinic. This is staffed by part time general practitioners, of which there are a total of 10. Three of these are French and all ten speak French fluently. There are also two full time medical administrative physicians in the out patient clinic, both of whom are French.

2. There are a total of 148 part time medical practitioners and specialists at the hospital. Of these, 40 are French and of the remainder the vast majority can speak French although their mother tongue may be English. All 40 French doctors speak English well. In addition, there are 13 full time specialists, of whom four are French and the remainder have varying degrees of proficiency in French.

3. All general practitioners' credentials are reviewed by the senior treatment medical

officer and the director of admission services who recommend appointments to the medical executive. The appointments are then approved by the medical advisory board. Each appointee must hold a license to practise in the province of Quebec. In addition, those holding specialists' appointments must hold a specialists' certificate from the Quebec College of Physicians and Surgeons and from the Royal College of Physicians and Surgeons. All but three of the consulting staff hold teaching appointments at either McGill University or Université de Montréal. Admission to the indoor consulting staff usually requires fellowship in the specialty concerned.

4. Correspondence between veterans and physicians is always through the medical administrative staff and in each case it is in the language employed by the veteran.

5. Hospital Service	Total staff	French speaking staff
Administration	160	120
Chaplains	2	2
Dietary	135	107
Heating and power	16	9
Housekeeping	96	86
Maintenance	22	18
Medical officers, dental officers, and specialists	21	17
Nurses	179	83
Nursing assistants	18	5
Nursing orderlies	153	111
Stores and equipment	31	19
Other services	105	57
Totals	938	634

6. Total number of employees 938

Number of bilingual employees 531

These numbers are based on employees' statements and do not indicate the level of proficiency in either language.

WAGE RATES, ATOMIC ENERGY OF CANADA

Question No. 1,263—**Mr. Schreyer:**

What are the wage levels paid by Atomic Energy of Canada, Limited, to (a) reactor operators (b) machinists and other prevailing rate employees, by classification at the Chalk river establishment and the Whiteshell establishment, immediately before the last agreement and subsequent to the last agreement negotiated?

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys):

	Chalk River		Whiteshell	
(a) and (b)	Mar. 65	Apr. 66	Mar. 65	Apr. 66
Tool and die maker	$2.87	$3.07	$2.83	$3.04
Instrument mechanic	2.77	2.97	2.72	2.93
Machinist	2.71	2.91	2.66	2.87
Carpenter	2.66	2.86	2.60	2.81
Reactor operator cl. 1	2.55	2.71	2.48	2.65
Stationary engineer cl. 3	2.49	2.65	2.41	2.58
Painter	2.42	2.58	2.33	2.50
Reactor operator cl. 2	2.31	2.45	2.21	2.36
Contamination monitor	2.20	2.34	2.08	2.23
Stores counterman	2.07	2.17	1.94	2.05
Helper	2.01	2.11	1.87	1.98
Janitor/labourer	1.90	1.99	1.75	1.85

RENTALS CHARGED BY ATOMIC ENERGY OF CANADA

Question No. 1,264—**Mr. Schreyer:**

What are the rentals per square foot or other unit of measurement charged by Atomic Energy of Canada, Limited, to lessees of (a) residential premises (b) commercial premises, at Chalk river and at Pinawa, Manitoba?

[Mr. Teillet.]

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys): Rentals charged by Atomic Energy of Canada Limited to lessees of residential and commercial premises at Pinawa, Manitoba and to lessees of residential premises at Deep River are based on recovery of the following

costs—interest and amortization of funded capital maintenance and municipal services. Atomic Energy of Canada Limited has no commercial premises at Deep River.

DIRECTIVES TO ATOMIC ENERGY LTD. ON WAGE RATES

Question No. 1,265—**Mr. Schreyer:**

Has the government of Canada ever issued any directives to Atomic Energy of Canada, Limited, regarding wage rates to be paid by it to any of its staff or prevailing rate employees and, if so, when and for what reason?

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys): No.

HALIFAX—TIME OFF FOR NATAL DAY CELEBRATIONS

Question No. 1,269—**Mr. Forrestall:**

1. Is it intended to grant any time off for hourly paid employees of the Department of National Defence establishments in the metropolitan Halifax-Dartmouth area on the occasion of Natal Day celebrations in that area?

2. If not, will consideration be given to this matter?

Hon. Léo Cadieux (Associate Minister of National Defence): 1 and 2. No. Natal days are not authorized holidays with pay for prevailing rate employees. However, prevailing rate employees wishing to celebrate these occasions may use annual leave credits if available or take leave without pay.

HOG PRICES

Question No. 1,273—**Mr. Lautlippe:**

1. Has there been a drop or has there been an exaggerated market fluctuation recently in the price of hogs and, if so, does the government intend to take measures to stabilize prices?

2. What was the price paid for hogs for each month in the last two years?

3. What is the percentage of increase or decrease in the price paid for hogs for each month in the last two years?

Hon. J. J. Greene (Minister of Agriculture): 1. Yes. There has been a drop from the very high level of February 1966. However, March prices were still about 133 per cent of 1964 prices.

Hog prices in North America are tied quite closely to marketings in the U.S.A. Canadian prices through 1964 and the first quarter of 1965 were quite steady as demonstrated in the table below. With reduced marketings, prices steadily rose from $27.94 in April 1965, to a peak of $43.19 in February 1966. In March 1966, marketings and slaughter in both Canada and the United States increased considerably, resulting in a price drop to $36.12.

The Agricultural Stabilization Act provides for the stabilization of hog prices and the government intends to continue to utilize this legislation.

2 and 3. Table on the average monthly price of Grade "A" hogs at Toronto showing the increase or the decrease of price from previous month:

Year	Month	Average price grade "A" hogs per cwt. Toronto* $	Price increase or decrease vs. previous month %
1964	January	26.85	+2.7
	February	27.61	−6.5
	March	25.92	−2.0
	April	25.38	
	May	26.40	+3.9
	June	29.08	+9.2
	July	28.41	−2.4
	August	28.10	−1.1
	September	28.24	+0.5
	October	27.13	−4.1
	November	27.12	Even
	December	27.63	+1.8
1965	January	27.44	−0.7
	February	28.23	+2.8
	March	27.80	−1.5
	April	27.94	+0.5
	May	30.46	+8.3
	June	34.81	+12.5
	July	36.24	+3.9
	August	36.66	+1.1
	September	36.88	+0.6
	October	35.90	−2.7
	November	37.58	+4.5
	December	41.64	+9.8
1966	January	42.73	+2.5
	February	43.19	+1.1
	March	36.12	−19.6

* Source—Livestock and Meat Trade Reports, Department of Agriculture.

Questions

ENCOURAGEMENT OF DAIRY FARMERS

Question No. 1,275—**Mr. Latulippe:**

Does the government intend to take any measures to encourage dairy farmers to increase their production?

Hon. J. J. Greene (Minister of Agriculture): The government has announced its dairy policy with an increased level of support. The purposes of the program were stated and appear in *Hansard* of March 23, 1966. Briefly, the program is designed to bring economic stability to dairy producers and to encourage adequate production of dairy products for Canadian consumers.

MARKET GARDENING POLICY, QUEBEC

Question No. 1,276—**Mr. Latulippe:**

Does the government have a policy regarding the production of vegetables or market gardening in the province of Quebec and, if so, what is that policy?

Hon. J. J. Greene (Minister of Agriculture): Yes. The continuing policies of the Department of Agriculture in any province encompass:

1. Research into new varieties and cultural practices.

2. Marketing standards and related inspection services.

3. Crop loss assistance through the Crop Insurance Act.

INDIAN WELFARE AND DEVELOPMENT PROGRAMS

Question No. 1,282—**Mr. Orlikow:**

1. Have draft agreements been prepared by the federal government and submitted to the provincial governments regarding welfare programs and community development programs for Indians and, if so (a) have any provinces approved these drafts (b) which ones?

2. Has the federal government signed any such agreements and (a) if so, with which provinces (b) if not, for what reason or reasons?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. Yes; (a) Yes; (b) The province of Ontario has approved the drafts of the welfare and the community development agreements. The province of Alberta has approved the community development agreement.

2. No; (a) N/A (b) The federal government has not signed the two agreements with Ontario pending further consultation with the Indian people of the province. The federal government has not signed the community development agreement with Alberta pending further study of means of ensuring that adequate welfare programs are available to Indians of the province to complement community development programs.

[Mr. Greene.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

PROVINCIAL ARDA PROJECTS

Question No. 867—**Mr. Southam:**

1. In 1964-65, what projects were undertaken under the Agricultural Rehabilitation and Development Act in each province?

2. What was the nature of these projects?

3. What was the cost of each of these projects?

4. What projects are under study or contemplated to begin soon in Saskatchewan?

5. What amount will be earmarked or appropriated for each of these projects?

Return tabled.

EXPO '67 RADIO ADVERTISING

Question No. 1,241—**Mr. Muir (Cape Breton North and Victoria):**

1. Has an eight week schedule of radio station advertising of Expo '67 been placed by a national advertising firm with a selected or preferred list of radio stations, commencing May 2?

2. If so, (a) by what national advertising firm is the advertising schedule being placed (b) what are the radio stations on the preferred list (c) what is the reason for their selection?

Return tabled.

• (3:50 p.m.)

FARM MACHINERY

PRICE INCREASES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, seconded by the hon. member for Mackenzie (Mr. Korchinski), I ask leave to move the adjournment of this house in accordance with standing order No. 26 in order to discuss a matter of urgent public importance, namely the extravagant and unjustifiable increases in the prices of agricultural machinery, imposing a monstrous burden on the farmers of this country at a time when they are faced with the spring farm work, necessitating many of them having to get new machinery at once.

This matter is of immediate and overriding importance and demands action now, which the Minister of Agriculture failed to take after promises made by him following his trip through western Canada.

Mr. Speaker: Will the hon. member for Humboldt-Melfort-Tisdale kindly address the Chair on the question of the urgency of debate?

Mr. Rapp: Mr. Speaker, this is a matter of great urgency because, since November 1 of last year the price of farm machinery has increased greatly, from $250 for a small combine to $600 for a large combine, while at the same time final payments on wheat this year are 17 cents a bushel less than last year. In addition, the prices being received by farmers for hogs, eggs and everything that the farmer sells have gone down. Let me remind the house that the president of the Cockshutt Farm Equipment of Canada Limited only three or four days ago at the official opening of an agency in Saskatoon stressed the fact that the cost of farm machinery will go up within the next three to five years.

The urgency of the matter lies in the fact that farmers at the present time have no money to buy this expensive farm equipment because on the one hand the price they receive for their produce is going down while on the other hand the cost of this type of equipment is going up. In 1962 a standing committee of this house investigated farm machinery prices. When the Minister of Agriculture (Mr. Greene) travelled throughout the west he said it was his intention to set up another committee to look into this situation. I suggest it is now too late for such an investigation because the situation has become too serious and much damage has already been done.

As an alternative I would suggest to the minister that a commission of inquiry be set up to look into this problem. After all, we set up an inquiry into almost anything that takes place in this country. Why should we not set up an inquiry to investigate this situation? Many professors of agriculture and farm management are available to carry out an investigation into the increasing costs of farm machinery and could then provide recommendations in respect of which the minister could act accordingly.

This whole situation has become extremely serious and the problem now facing farmers throughout Canada relates, as the minister pointed out when he was out west, to the high cost of farm machinery. At almost every place the minister spoke he said he was going to do something in an attempt to alleviate the situation. Since then almost six months have elapsed but the minister has done nothing in this regard.

I should like to see the house debate this matter and come to the conclusion that a royal commission or a one-man inquiry should be established to consider this serious problem which now faces the agricultural industry.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the members of this party would like to support the contention that there is urgency of debate in the matter which has been brought to our attention by the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp). Throughout this country in the course of the next few weeks farmers will be going on the land and in the course of the next few months many of them will have to purchase new equipment or pay for repairs to old machinery. It seems to me to be most important that this house have a discussion about the very serious and considerable increase in the cost of farm equipment in the last few months.

This whole matter is related to the question which I tried to bring before this house last year regarding the increase in the price of steel, because the increase in the cost of farm machinery is an inevitable consequence of that increase. Farmers are now caught in a cost-price squeeze and this house must give some consideration to the matter.

A debate on this subject today will not bring down the price of farm machinery but it would enable the government to state what it proposes to do about the matter, whether it proposes to have a complete investigation into the price of farm machinery to ascertain whether or not the increases have been justifiable or warranted or to say whether it proposes to set up a house committee to look into the matter. It would give the government the opportunity of outlining what action, if any, it proposes to take. I think the farmers of this country are entitled to know, first, that the House of Commons is concerned and, second, whether the government is going to act or continue to drift and allow the situation to go from bad to worse.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, the question raised by the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp) is certainly definite, since it concerns the adjournment of the house under standing order 26 for the purpose of discussing a matter of urgent public importance, that is

the sky-high and unjustifiable increase of farm equipment prices, which places a huge burden on the shoulders of the Canadian farmers when they are about to start their spring work.

Mr. Speaker, this is a definite matter; its importance is of course public, since it concerns mainly the farmers, not only those in the west, but the farmers all across Canada.

The hon. member contends there has been a tremendous price increase regarding farm equipment, and that is true. However, are farm machinery prices the only ones to increase in Canada? For instance, have clothing and food prices not increased? Is this matter not as definite and important as that raised by the hon. member for Humboldt-Melfort-Tisdale?

Mr. Speaker, prices are increasing not only with regard to farm machinery but also in housing construction, on account of the 11 per cent sales tax on building materials; rent prices and education prices also are going up. It costs more today to keep a child in university and high school than was the case one or two years ago. These questions are just as important as the price increase of farm equipment.

I fully understand the stand taken by my good friend, the hon. member for Burnaby-Coquitlam (Mr. Douglas) in favour of this motion for adjournment but, Mr. Speaker, are they not the same people who, all across Canada, strongly advocate salary increases, or increases in people's income which are indirectly involved in the cost of production in Canada, in the field of farm equipment just like in any other field.

These are the same people who now want to discuss, in the federal parliament, the opportunity to decide if there have been too many, not enough or a reasonable number of price increases.

Mr. Speaker, prices of farm machinery and equipment depend on those who build or industrialize these machines. The prices are set by private enterprise. If there happens to be a combine in any field whatever we have federal legislation which allows us to determine whether there are speculators exercising their influence in a certain field of society.

Well, I sincerely believe, Mr. Speaker, that this motion to adjourn is not at all regular at the present time because if we are to consider the importance of farm machinery, we must do the same for all fields of economic activity in Canada. Food items are directly dependent upon farming operations in Canada.

[Mr. Caouette.]

Now, Mr. Speaker, even though the matter is important and definite, this is not the time, in my opinion, to deal with it, because the house must now proceed to the establishment of a legislative measure which will allow, not only one class, but all classes of society, to benefit from a just and fair legislation.

• (4:00 p.m.)

[*English*]

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I believe that the motion complies with the requirements of paragraph 2 of citation 100 in regard to moving the adjournment of the house under standing order 26 in that the public interest will suffer if the matter is not given immediate attention. I think it also complies with the requirements of paragraph 3 which says that the ground of urgency of debate is valid when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough, and so on. It does not seem to me that there will be an opportunity in the immediate future when the subject matter raised by the hon. member can be debated.

If we look at paragraph 1 of the citation we find it says that the matter must involve the administrative responsibility of the government. I am not sure whether the price of farm machinery is in fact an administrative responsibility of the Department of Agriculture or the Minister of Agriculture. However, this situation has gone on so long without anything being done that what is required is an investigation to find out why the price of machinery has been going up. I think this is the point of the hon. member who moved the motion, he wishes to bring the question to the attention of the house, and the delay in dealing with the matter is the reason for it being a matter of urgency.

As the hon. member for Burnaby-Coquitlam has stated, a debate this afternoon and this evening could not change the price of farm machinery, but surely we could have a statement from the Minister of Agriculture indicating that this matter will be taken up by his department or will be referred to the agricultural committee. Then he could perhaps get on with the matter. I agree it has been postponed so long that it becomes more urgent day by day.

Hon. J. J. Greene (Minister of Agriculture): First of all, Mr. Speaker, I would certainly concur in the sentiments of the hon. member who moved the motion to the effect that the cost-price squeeze in which the farmer finds himself is of very serious moment. I think we

are all very much concerned with this question. As I have stated from time to time, the government is certainly looking into the matter of farm machinery prices.

When the hon. member accuses me of being dilatory I wish he would express the dilatoriness in degree. It was only on January 18, not November, that I went out west, so I have only been dilatory to that degree. Also, Mr. Speaker, I certainly sympathize with the hon. member when he says it is singular that with the many, many royal commissions we have appointed in the past few years the rural people have not been getting their share. It seems to me the city dweller has received the major share of the royal commissions.

In this regard I would say that in the best interests of the farm community the matter has to be looked into carefully. I do not think we should jump into royal commissions. We may have had a way of jumping into royal commissions from time to time which has not always been the be-all and end-all of a problem. I think, therefore, that this problem must be looked into very carefully.

With respect to the question of urgency, which I think is the only material question at the present time, I might point out that urgency concerns, of course, the question of whether an opportunity is given by the ordinary rules and procedures of the house to discuss this matter apart from a discussion under standing order 26. I would point out that this matter might have been debated in the budget debate as recently as Friday. It is very difficult for me to see how this continually increasing and augmenting problem has become urgent only since Friday. In my mind the farmer has suffered from this problem for some considerable time, and I am rather surprised to find hon. members opposite actually implying that only since Friday has it become urgent, because of course they could have discussed it in the budget debate as late as Friday.

I would also point out that the agricultural committee is sitting at the present time and considering the estimates of the department, and any discussion of this matter can quite properly be brought before that committee at any time. Therefore, Mr. Speaker, while agreeing most wholeheartedly with the difficulties that our agricultural community faces in this regard and while voicing the concern and resolution of the government to do whatever is necessary to protect the interests of the farmers, I do not believe that at this time the matter is urgent in the parliamentary sense in that it could have been discussed in the budget debate and hon. members opposite did not see fit to do so and, second, it can be discussed at any time by the agricultural committee in their consideration of the estimates of the department. Therefore in the parliamentary sense I submit that urgency does not exist.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to say just a few brief words on this subject. I think all of us, including the minister, agree that this is a matter of public importance and the question that arises concerns the urgency of debate. As I understand it, this means urgency of opportunity. The minister mentioned that the budget debate was completed last Friday and the matter could have been discussed at that time. However, I respectfully submit to Your Honour that the budget debate, as we know, is a limited debate and although government and opposition members in practice take part in it a great many members of the house had no opportunity to speak in that debate. In any event, these motions refer to opportunity of debate in the future, not the past.

As was pointed out by the mover, these rapid increases in price have taken place in the relatively recent past. They have not necessarily taken place since last Friday, but I think I have already disposed of that argument. The big problem, as was so well pointed out by the hon. member for Medicine Hat (Mr. Olson), is the question of urgency of debate. We know that the government has certain legislation planned for today and tomorrow and that the redistribution debate is to take place on Wednesday and may last a number of days.

The big problem is to get some kind of inquiry set up now so that this matter can be dealt with. I am quite sure that if the matter were debated today it would not take all day. Points of view could be expressed quite succinctly and briefly and the matter could be disposed of. The government could make an announcement of some sort of inquiry—it is their prerogative whether or not it is by means of a royal commission—and we could then get on with the government business planned for today.

Mr. Speaker: Order please. I am afraid the Chair will have to render another unpopular decision this afternoon. I have listened with great interest and attention, of course, to the representations made by hon. members in

support of the motion moved by the hon. member for Humboldt-Melfort-Tisdale suggesting that the house should adjourn its ordinary business with a view to discussing and considering the matter raised in his motion. There is no question whatsoever that, as the hon. member for Humboldt-Melfort-Tisdale and others in support of his motion have said, this is a matter of great importance, a matter of urgency, a definite matter of urgent public importance. But as other hon. members taking part in this discussion have pointed out, we have to consider the question of urgency of debate.

In this connection I would again refer hon. members to citation 100, paragraph 3, of Beauchesne, fourth edition, which says:

"Urgency" within this rule does not apply to the matter itself—

There is agreement that the matter is urgent.

—but it means "urgency of debate", when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

I would also refer hon. members to paragraph 2 of citation 100 which refers to a ruling made by a previous Speaker and says:

The Speaker ruled that the motion should not be allowed, because he did not think the matter mentioned in the member's statement was of recent occurrence—

I would also refer to paragraph 8 of the same citation which contains a statement made by the Speaker in the British house and refers to the same rule:

I do not think that, under the Standing Order of 1882, a motion on a subject of this kind, having such a very wide scope, was ever contemplated. What I think was contemplated, was an occurrence of some sudden emergency, either in home or in foreign affairs.

• (4:10 p.m.)

The hon. member for Humboldt-Melfort-Tisdale did say in his statement in support of his motion that this unhappy situation which has occurred dates back to November. It is a continuing unhappy and unfortunate situation. I do not think it is a sudden occurrence such as that contemplated by the standing order and the precedents of the house, and in view of this, with sincere regret I do not think I can accept the motion of the hon. member.

[Mr. Speaker.]

CANADIAN BROADCASTING CORPORATION

REPORTED STATEMENT AT BOARD MEETING RESPECTING PARLIAMENTARY COMMITTEE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether his attention has been directed to the remarks made during the course of the meeting of the board of directors of the Canadian Broadcasting Corporation held in Halifax which, as reported, had all the appearances of being contemptuous of parliament, to which the C.B.C. must report, in that it was alleged to have been suggested that the fact that a committee of the house had been set up might interfere with the possibility of there being a settlement in connection with the controversy over the weekly feature "This Hour Has Seven Days".

Has the Prime Minister any information in this connection and has he communicated with the C.B.C. and pointed out to that body that this kind of expression of view is contemptuous of the House of Commons?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have seen press references along the lines of my right hon. friend's question and I have asked whether it is possible to obtain the text of what was actually said. The Secretary of State is unfortunately away today on official business, but I expect to see her as soon as she gets back to see whether she has any information.

HOUSING

REPORTED CURTAILMENT OF FEDERAL FUNDS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, on Friday, in answer to a question from the Leader of the Opposition, the Prime Minister said the Minister of Labour would be making a statement shortly in respect of loans under the national housing legislation. However, while the house is waiting for that statement I want to ask the Prime Minister if he can tell the house whether the cabinet has made a decision to the effect that funds available for Central Mortgage and Housing Corporation will be curtailed? Telegrams are pouring in to the effect that not only are applications for loans being rejected but applications which were submitted early in March are now being returned to prospective home owners. I am wondering whether this is a decision of the cabinet.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am getting those messages too. I am, of course, aware how seriously this situation is regarded by many people and the matter is to be discussed at our cabinet meeting tomorrow morning. As it happens, the minister responsible for the corporation is absent today; I believe he is addressing the Canadian Labour Congress. However, I hope he will be back for the meeting tomorrow morning when we will be discussing this matter, and I hope that a statement can be made after that discussion.

Mr. Douglas: A supplementary question. Is it possible, at least as a preliminary move in the right direction, for the government to consider accepting the applications which were already submitted in good faith and which have been in the hands of the corporation for some time?

Mr. Pearson: I should not like to express an opinion on this matter, Mr. Speaker, but I would be glad to look into it.

[*Translation*]

IMMIGRATION

FURTHER REQUESTS FOR AID TO WORKERS

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my question is directed to the Minister of Citizenship and Immigration, the future minister of manpower.

Since he announced to the house that Jamaican workers would come to work in some parts of Canada, has the minister received other requests from Canadian organizations asking for immigrant labour, either from Jamaica or elsewhere?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Personally, I did not get any. I could inquire if any were received by the department.

Mr. Caouette: Mr. Speaker, I wish to direct a supplementary question to the Prime Minister.

Since for the last five months we have been addressing ourselves to the future minister of the new department of manpower, which will be created eventually, can the Prime Minister tell us when he intends to create that department, so that we may be able to address the minister as such?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is certainly on our list of priority legislation and I hope we will get to it as soon as possible.

Inquiries of the Ministry

LABOUR CONDITIONS

BELL ISLAND, NFLD.—ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the Prime Minister. May I ask the Prime Minister whether he is in a position today, as he promised on Friday, to give a detailed report as to what the government has in mind to assist the 850 miners who will be displaced as a result of the closing by Dosco of the mine at Bell Island? The Prime Minister may recall that questions were posed in the house last week to the Minister of Industry and also to himself by the hon. member for St. John's East and myself.

Right Hon. L. B. Pearson (Prime Minister): The hon. member for St. John's East has also indicated his intention to ask this question which was asked last Friday, with some reference having been made to it before that. I think that the best way to give the answer I indicated I would give is to read from a telegram which I have sent to the premier of the province concerned, Newfoundland, which includes the following paragraphs:

> We are setting up a working group of senior officials from all federal government agencies concerned, and we would like to arrange for discussions at the earliest convenient time with officials of the government of Newfoundland to explore both the possibility of promoting alternative opportunities for employment on Bell Island and measures for the retraining and re-establishment of all persons who are now employed in the mining activity who would be interested in employment elsewhere. In such a program employment elsewhere in Newfoundland would, of course, be given priority. It would be our thought that a report to both governments should be prepared, after consultation by the officials, for consideration at the earliest feasible date.
>
> We realize fully what a disastrous economic blow the closing of the mine will be to this large community and indeed to the economy of Newfoundland and are anxious to do everything we can as a government to help meet the situation.

Mr. Joseph P. O'Keefe (St. John's East): Mr. Speaker, I think the hon. member for Cape Breton North and Victoria said I was not here. I am very much here. As the Prime Minister knows, I was going to ask that question this afternoon, so the hon. member opposite is mistaken.

Mr. Speaker: Order, please.

Inquiries of the Ministry

INCOME TAX

REQUEST FOR EXTENSION OF FILING DEADLINE

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct my question to the Minister of National Revenue. In view of the fact that the deadline for filing income tax returns this year falls on a Saturday, April 30, which is not a civil service working day and neither is the following day, Sunday, would the minister consider extending the deadline to midnight, Monday, May 2?

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, although I would be willing to consider this matter, I should point out that anyone filing a personal income tax return is provided with an envelope and we will certainly accept any return mailed before midnight on Saturday.

GERDA MUNSINGER—DEDUCTION OF TAX ON PAYMENTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of National Revenue. Can the minister assure the house that income tax was deducted at source by the Canadian Broadcasting Corporation and other organizations or persons in Canada who paid a fee to Mrs. Gerda Munsinger for services rendered?

Mr. Speaker: Order. This question should be on the order paper.

FARM MACHINERY

REQUEST FOR STATEMENT RESPECTING INVESTIGATION REQUEST

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to ask the Minister of Agriculture a question in view of the discussion today on the motion to adjourn the house. Would he be prepared in the very near future to make a statement on what is the policy of the government with reference to an investigation into the high cost of farm machinery? The minister mentioned the date of January 18.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I shall be making an announcement with regard to this question in the very near future.

Mr. Woolliams: I am not cross-examining the minister, but by "the very near future" does he mean within a few days?

[Mr. Speaker.]

Mr. Speaker: Order, please. I am afraid the hon. member, out of force of habit, is cross-examining the minister.

[*Translation*]

AGRICULTURE

ASSISTANCE TO NORTHWESTERN QUEBEC FARMERS

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I put a supplementary question to the Minister of Agriculture?

The Quebec Minister of Agriculture advises the farmers of the northwestern part of the province that his department is forwarding the amount required or appropriated for their crop failures in 1964 and he tells them at the same time that the federal government will pay them a similar amount.

The month of May is almost here and the farmers have not received anything. Is the minister aware of this situation and does he intend to satisfy the claims of the farmers in that part of the country?

[*English*]

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, as the hon. gentleman knows, the federal government participated in a program of emergency agricultural relief in the province of Quebec to which I believe we contributed some $12 million. The program is administered by the province of Quebec with a federal contribution. To the best of my knowledge the administration in Quebec has been a satisfactory one, although I have no knowledge whether all claims have yet been satisfied.

[*Translation*]

Mr. Caouette: A supplementary question, Mr. Speaker. Does the minister mean that the $12 million were actually paid to the province of Quebec? Have the $12 million been paid to the province of Quebec?

[*English*]

Mr. Greene: Mr. Speaker, the claims are paid as they come in. I am not aware whether all of the $12 million has yet been paid. I wonder if I might take that part of the hon. member's question as notice. As I say, I do not believe it has all been paid because the claims are processed as they come in.

[*Translation*]

Mr. Caouette: Mr. Speaker, may I ask a final supplementary question? Is the minister aware that the Quebec Department of Agriculture is advising the farmers that the

federal government is to issue these cheques in the same way as the Quebec government, that is directly to the farmers?

Mr. Speaker: Order. This question is not in order.

[*English*]

ATLANTIC DEVELOPMENT BOARD

REPORTED STATEMENT BY CHAIRMAN ON NEED FOR MONEY

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, my question is for the Minister of Transport with respect to his Atlantic Development Board responsibilities. Does the minister agree with the over-all contention of Mr. Ian MacKeigan, chairman of that board, who in an important speech on Friday in Fredericton contended that the board has run out of money and that much more is needed? Can we expect a statement as to the government's intentions respecting the board and the need for more money?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, if the hon. gentleman will refresh his memory by looking at the Speech from the Throne he will see that an amendment to the act is envisaged. The fund has not actually run out of money but most of it has been committed to various projects. As my right hon. friend the Prime Minister pointed out some time ago, we do not think that the work of the board has yet been completed. The government does not intend to see that it is hampered in going on with its work.

Mr. Bell (Saint John-Albert): As a supplementary question may I ask the minister whether he gives full reassurance that the board is still necessary and that more funds will be made available?

Mr. Pickersgill: I am very glad that the hon. gentleman does not agree with the rather extraordinary views expressed by his leader some little time ago as to the necessity for a fund, and that he agrees with us that the fund is necessary.

Some hon. Members: Oh, oh.

Mr. Bell (Saint John-Albert): A supplementary question, Mr. Speaker. Is the minister not aware that it was the same leader of this party who established this board originally?

Mr. Pickersgill: Yes, without any money.

Some hon. Members: Oh, oh.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MAYOR OF QUEBEC CITY

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, may I put a question to the Minister of Citizenship and Immigration?

I should like to ask him whether he has had today or whether he is to have talks of the utmost importance with the mayor of the city of Quebec or with members of his executive?

Mr. Speaker: Order. I cannot judge from this question whether its substance is urgent or of national importance. It is most difficult for me to accept the question.

Mr. Choquette: Mr. Speaker, if the minister were given the opportunity to answer, I believe you would then be enlightened on the urgency of the question.

[*English*]

Mr. Speaker: The hon. member for Digby-Annapolis-Kings.

[*Translation*]

Mr. Choquette: Mr. Speaker, on a question of privilege.

It was to give the minister an opportunity to welcome the mayor of Quebec who is now in the gallery.

[*Later:*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to put a question to the Minister of Citizenship and Immigration and future minister of manpower, following the question you ruled out of order in connection with the visit to Ottawa of his worship the mayor of Quebec. I believe that it is not very often that the mayor of Quebec comes to Ottawa and it is a question—

Mr. Speaker: Order. If the hon. member has a question, would he put it as soon as possible?

Mr. Caouette: Did the mayor of Quebec have a meeting with the minister or the right hon. Prime Minister, in connection with federal buildings in the city of Quebec, the use of which we ask for the benefit of Quebec city?

I think this is rather important.

Mr. Speaker: Very important indeed, but the question is out of order.

Inquiries of the Ministry

[*English*]

NATIONAL DEFENCE

RESPONSIBILITY ALLOWANCES FOR AIR FORCE TECHNICAL OFFICERS

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, my question is directed to the Minister of National Defence. In view of the recently announced defence department pay review team, could the minister advise the house whether that team will be considering special responsibility allowances for radio operators, navigators and other technical officers in the air force? Also, when is the report of that body expected?

Mr. Speaker: Order, please. I suggest to the hon. member that this is not the type of question that should be asked at this time. It does not seem to be so urgent that it might not be placed on the order paper. If the hon. member thinks that the matter he raises is urgent, it might be given consideration in the adjournment debate or he might communicate directly with the minister.

Mr. Nowlan: At ten o'clock, Mr. Speaker. I think that will help to clarify some of the uncertainties that now exist in the services.

ADMINISTRATION OF JUSTICE

SEAFARERS INTERNATIONAL UNION—PROSECUTION OF FORMER OFFICERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to ask a strictly appropriate question at this time of the Solicitor General. Has the Solicitor General anything further to report wtih respect to the examination of the accounts and documents seized by the R.C.M.P. from the Seafarers International headquarters from the point of view of the possibility of laying charges against some of the former senior officers of that organization?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, recently the R.C.M.P. placed an extensive report in the hands of the special counsel who subsequently expressed the view that there are some points to be clarified. Accordingly, I have asked that the investigation be concluded and that a final report be made at the earliest possible date.

[Mr. Speaker.]

PUBLIC SERVICE

PROVISION FOR ESTABLISHMENT OF COLLECTIVE BARGAINING SYSTEM

Right Hon. L. B. Pearson (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the establishment of a system of collective bargaining applicable to employees in the public service of Canada and for the resolution of disputes that may arise in the negotiation or conclusion of collective agreements applicable to such employees; to establish a process for the presentation of grievances of employees arising in connection with their employment and to establish a system for the adjudication of grievances of employees; to provide for the establishment of a board, to be known as the Public Service Staff Relations Board, which shall be responsible for the administration of the said measure and to provide further for the constitution and appointment of such other authorities, officers and employees as are required in connection with the administration of the said measure.

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

Mr. Pearson: Mr. Chairman, it is my pleasure to move the adoption of this resolution which stands on the order paper in my name. The purpose of the resolution, and it is an important one, is stated in the first sentence.

That it is expedient to introduce a measure to provide for the establishment of a system of collective bargaining applicable to employees in the public service of Canada and for the resolution of disputes that may arise in the negotiation or conclusion of collective agreements applicable to such employees;—

I will not read the rest of the resolution at this time, Mr. Chairman. In other words, the object of this resolution is to make possible the introduction of legislation which will in its turn make possible the introduction into the public service of Canada of an appropriate system of collective bargaining.

• (4:30 p.m.)

The principle that public servants should have an opportunity to participate in such a system has, I believe, widespread support in the Canadian community. It is a principle which I think I can say is accepted by all parties represented in this house. It is our hope that the legislation which embodies this principle and which, if this resolution carries, will be placed before hon. members for their consideration and ultimate approval, will prove to be an effective instrument for the regulation of employer-employee relationships in the public service.

It has been the usual practice in this house, in dealing with legislation relating to the

administration of the public service, to provide for its detailed examination in committee and it is the intention of the government that this practice should be followed with respect to the proposed collective bargaining legislation with which the resolution before us is concerned. With this object in view, a resolution to establish a joint committee of the Senate and the House of Commons has been placed on the order paper and this resolution will be called at an appropriate time.

Legislation dealing with the public service has traditionally been considered by parliament in a non-partisan atmosphere and it is my hope that this tradition will be maintained with respect to the measure contemplated in this resolution. The legislation to be placed before the house has been prepared with very great care but there is little doubt that suggestions to amend it will be made. Hon. members may be assured that the government will be prepared to consider very seriously any such suggestions for change and to support those which would result in improvements.

The legislation forecast in this resolution will rightly be regarded as a measure of very great significance in the history of the public service. For those who have customarily been identified as servants of the Crown, that is, servants of the people, and whose terms and conditions of employment have been determined by parliament or by the government of the day, this legislation will provide the right to participate in a process of joint determination of the terms and conditions of their employment. This is a process which is rooted in the concept of equity and equality between the government as employer and organizations representing its employees. Such a change will call for major adjustments in established processes and procedures and in the traditional attitude of all those who are concerned.

The legislation proposed by this resolution has been long in preparation—properly so, I believe, in view of its far-reaching implications and importance. The preparatory committee on collective bargaining under the distinguished chairmanship of a great Canadian public servant, Mr. Arnold Heeney, was established in August of 1963. This committee of senior officials was asked by the government to prepare for the introduction into the public service of an appropriate form of collective bargaining and arbitration and in doing so to examine the need for reforms in the system of classification and pay applying to civil servants and prevailing rate employees. Supported by a staff of very competent experts, the preparatory committee met regularly during a two-year period. In the course of its deliberations it received briefs from and consulted with interested employee organizations. It also consulted a number of distinguished persons from the universities, from industry and from provincial and municipal governments. Its report to the government, made in June of last year, was tabled almost immediately and is, of course, available to hon. members.

I should like to express the gratitude of the government, and I am sure members of this house will join with me in this expression of gratitude, to the chairman and to the members as well as to the staff of the committee for their effective and valuable services.

The proposals contained in the preparatory committee's report which relate to the reforms in the classification system were welcomed by the government, and after discussion with the Civil Service Commission they were approved. A program to convert all positions in the civil service to the new plan of classification was immediately undertaken by the Civil Service Commission. This program is now well advanced and is expected to be completed next year. The reforms in the system of classification are of great importance to the successful introduction of a system of collective bargaining, since it is intended that the groupings established by the classification system will constitute the basis of the collective bargaining relationship.

The report of the preparatory committee has been studied very carefully by the government since it was received and published. In the course of this study, the chairman and other members of the committee and its staff have continued to assist ministers. They will, of course, be available to assist the joint committee in its examination of the measure referred to in this resolution should the resolution itself obtain the approval of hon. members, as I hope it will.

The measure to be introduced varies in a few important respects from the proposals made by the preparatory committee on collective bargaining. The modifications which have been put forward by the government do not detract, however, from the fact that the proposed legislation conforms to the basic recommendations of the committee. I will make reference to the main modifications a little later as I refer to the more significant aspects of the resolution before us.

The proposed measure, if parliament approves it, would require changes in two other important pieces of legislation. It will be necessary to amend the Financial Administration Act in such a way as to provide the Treasury Board with authority in keeping with its responsibility to represent the employer interest in the proposed system of collective bargaining. It will also be necessary to amend the Civil Service Act in such a way as to provide for this allocation of authority and to enable the Civil Service Commission to concentrate on its fundamental task of staffing the service and preserving the merit system of selection and appointment.

• (4:40 p.m.)

The statutory reforms in the administration of the public service which are contemplated in this legislative program are, in the view of the government, no less significant than the reforms instituted by the Civil Service Act of 1918 which in essence constituted the beginning of our civil service as we know it today. It is the government's hope and expectation that the changes which will be brought about by this legislation, if it meets parliamentary approval, will ensure that the public service of Canada in the years to come will have the administrative capacity and flexibility to adjust to the changing demands of the Canadian community which it serves.

It has been, and is now, a civil service unexcelled in any country in the world and equalled by few. I hope that the changes now proposed will help to maintain that proud position.

The reforms contemplated in the proposed legislation owe much to several separate studies and investigations of personnel management in the public service which have been undertaken in the post-war period. I have already referred to the work of the preparatory committee on collective bargaining. I would also like to emphasize the important contributions made by the Royal Commission on Administrative Classifications in the Public Service, under the chairmanship of the present hon. member for Davenport, which reported in 1946; by the Civil Service Commission in its report on personnel administration in the public service, which was published in 1958; and by the Royal Commission on Government Organization, under the chairmanship of Mr. Grant Glassco, which reported in 1962.

The report of the Glassco commission underlined the principle of managerial authority and responsibility in the administration of the public service. I think that was an important and timely emphasis. In many areas of the public service new administrative processes reflecting this emphasis are now being introduced. When the report of the Royal Commission on Government Organization was first published, that is, the Glassco commission, its stress on managerial authority was seen in some quarters as a threat to the traditional security of civil servants. The proposal to transfer a significant measure of authority from the independent Civil Service Commission to the Treasury Board and to departmental management was regarded at the time with some apprehension by employee organizations and by others.

It was argued that, if much of the traditional protection afforded employees by the involvement of the commission in the determination of pay and the regulation of other conditions of employment were to be removed, employees themselves should be given the right to protect their own interests through appropriate collective bargaining procedures comparable with those available to employees in the private sector of the community. The argument was an impressive and persuasive one, and it has done much to establish the environment in which the new legislation was considered by the government.

In developing this new legislation the government has had certain general objectives in mind: First, to protect the public interest; second, to respond in an understanding and responsible manner to the aims and aspirations of its organized employees; third, to preserve the capacity of the public service to function efficiently in serving the people of Canada and, fourth, to respect the principles underlying industrial relations law and practice in Canada. In their evaluation of proposals made by the government I am sure members of the house will want to keep all these objectives very much in mind.

Now, Mr. Chairman, I would like to address myself for a moment to some of the more important aspects of the policy to be embodied in the legislation which it is proposed, if this resolution carries, to put before parliament.

First, as to its application it is intended that any such legislation should provide a system of collective bargaining for most of the public servants who are not now covered by the Industrial Relations and Disputes Investigation Act. Members of the armed forces, however, who are not employees in

the normal sense of the term, will not be covered. Nor will members of the Royal Canadian Mounted Police or persons locally engaged abroad. The bill will not apply to the employees of parliament in respect of whom the government has no authority as an employer. These groups, who might in the broad sense all be thought of as public servants, will constitute the major exceptions from the application of the legislation.

In Canada, legislation to regulate the relationships between employers and organized employees has invariably assigned important powers and responsibilities to independent labour relations boards. The bill which will be placed before the house will propose the establishment of a similar regulatory board. Its duties will include the definition of bargaining units, the certification of bargaining agents, and the investigation of complaints relating to infringement of rights granted by the statute.

Under the federal industrial relations statute bargaining units are determined by the labour relations board upon application of an employee organization seeking certification. The measure to provide for collective bargaining in the public service will propose a similar procedure. In the interests of an orderly change to the bargaining relationship, however, it will normally require that during a transitional period bargaining units should be defined in such a way as to correspond with the occupational groups in the new classification structure.

I should mention at this point that the proposed legislation will make it possible for bargaining rights to be extended progressively to employees in different occupational capacities during a maximum period of two years. It is our hope that organizations representing employees in the operational category, who are engaged in a wide variety of service and maintenance occupations, will be able to seek certification by October 1, 1966.

Under the schedule which we anticipate and which we hope to be able to carry into effect if parliament gives us the authority, and which is designed to carry into bargaining the present pay review cycle, certification will be available on July 1, 1967, to employees in the professional and scientific category and technical category, and on October 1, 1967, to employees in the administrative and administrative support categories.

Under the proposed legislation an employee organization certified as a bargaining unit would enjoy the exclusive right to bargain on behalf of employees in the bargaining unit concerned and to enter into collective agreements on their behalf. The rights that would be gained through certification would be substantial, heralding a significant change in the traditional relationship of employee organizations to the government as employer.

The most difficult problem to be resolved in the regulation of any system of labour relations is the manner in which disputes are to be settled. The dispute settlement provisions of the Industrial Relations and Disputes Investigation Act, which are similar to those in most labour relations acts in Canada, permit strikes and walkouts where employees have established a bargaining relationship. However, as hon. members know, such actions are not permitted until a number of conditions have been satisfied.

These normally include negotiation in good faith and, where a dispute develops, its consideration by a conciliation board. Strikes and walkouts are lawful only when the conciliation board has reported and a number of days have elapsed after the report has been received. In other circumstances a strike or walkout is an illegal act and is subject to penalties prescribed by law. Strikes and walkouts are also prohibited during the lifetime of a collective agreement.

• (4:50 p.m.)

In so far as the public service of Canada is concerned, the preparatory committee expressed the view that third party arbitration should be the established method of resolving disputes. It said in effect that strike action as a means of resolving disputes would be inappropriate in the public service but that conditions prevailing at the time would not in its view justify a statutory prohibition of strikes. That was the position taken by the preparatory committee.

The legislation which it is hoped will be introduced makes provision for an arbitration process which conforms in all but one important respect with the recommendation of the preparatory committee. The exception however, is an important one. Hon. members will recall the committee's proposal that the Governor in Council should have authority to set aside an arbitration award in what is considered to be abnormal circumstances. The government has concluded that to follow this proposal would appear to give to the employer an undue advantage. It is perhaps not surprising that employee organizations in the public service have taken a similar view. The

legislation referred to in the resolution, therefore, will contain no provision permitting the government in its own right to withdraw from an arbitration award. Arbitration will be equally binding on the employer, the government, and the employee, the public servant.

The great majority of organized public servants have made it clear to the government through their elected officers that they wish to be governed by a process of dispute settlement based on binding arbitration. That view is not shared by all public servants, however. Many other responsible Canadians also feel strongly that the right to strike is fundamental and should be qualified only where a clear case can be made to restrict that right in the public interest. The government believes that these strong and very genuine feelings should be respected. Accordingly, the legislation will provide for an alternative method of dispute settlement comparable with that prescribed in the Industrial Relations and Disputes Investigation Act. This method, founded on conciliation and permitting strikes in prescribed circumstances, would be available, as an alternative to the process of binding arbitration, to any bargaining agent. The proposal for this alternative process which permits strikes, however, will vary from that established by the Industrial Relations and Disputes Investigation Act in one important respect. The bill will provide that an employee subject to the process will not have the right to strike if his services are essential to the safety and security of the public. The designation of such employees would be made in the first instance by the employer, that is, the government, but in the event of objections registered by a bargaining agent such designation would be determined finally by the Public Service Staff Relations Board.

The last matter of substance, Mr. Chairman, to which I should like to refer in dealing with the resolution is the fact that the proposed legislation will make provision for the introduction throughout the service of formal grievance procedures. The lack of such procedures in most parts of the public service has made it difficult in the past for management to identify and deal with irritants in the relationship between individual employees and those who represent the government as employer.

The preparatory committee recommended that grievance procedures conforming to certain minimum standards should be available to all public servants. The government has accepted this recommendation and has made appropriate provisions for grievance procedures in the proposed legislation.

I should like to conclude these remarks by reiterating my view that the legislation referred to in this resolution will be of very real significance in the development of the processes of public administration in Canada. It is my profound hope that it will provide a framework within which the parties, employer and employees, will be able to develop a relationship founded on mutual confidence and respect to the general betterment of the public service of Canada and to its even greater effectiveness in the service to the people of this country.

Mr. Bell (Carleton): Mr. Chairman, this day may well become an historic one in the development of personnel relations in the public service of Canada. Indeed, only two other occasions relating to the public service seem to me to have equal significance. They are the original introduction of the Civil Service Act in the days of Sir Robert Borden, the father of the merit system and of the modern civil service, and the introduction of the complete revision of that act in 1960 under the aegis of the right hon. gentleman from Prince Albert.

Mention of these three occasions will serve to remind us, as the Prime Minister also did this afternoon, that parliament should approach public service matters with a total freedom from partisanship and with one objective only—how can parliament establish and obtain the best atmosphere in which public servants can achieve the finest administration for the benefit of all Canadians? I want to express at once appreciation of the indication by the Prime Minister in his address this afternoon of willingness to consider amendments to the proposed legislation, where the merit of such amendments may become evident as our discussion proceeds.

Even those of us, sir, who are close to its work have difficulty in realizing what a vast, complex and highly organized structure the Canadian public service has become. In the youth of some of us at least, the federal government reached into our lives but little. Today the tentacles of officialdom reach into almost every facet of our daily lives, and each of us is profoundly affected by the countless decisions taken by public servants in the many departments and agencies of government.

About 350,000 Canadians are employees of Her Majesty, of whom approximately 140,000 are employed by the proprietory and agency corporations and 210,000 are employed by departments of government or departmental corporations. There are over 100 departments or agencies. These statistics emphasize the importance today of the Canadian public service and its widespread ramifications.

All of us in all parts of this house know how exceedingly fortunate Canadians have been in the calibre and quality of the public service. I share to the full the view expressed by the Prime Minister that our public service compares most favourably with that of any nation in the world, and there are many branches of our government service which are unequalled anywhere in scholarship, dedication or accomplishment.

• (5:00 p.m.)

I think the tests we must bring to this new legislation which will be before us must be these: Will it promote efficiency and proficiency within the service? Will it enhance the attractiveness of a civil service career to our ablest young people? Will it assist recruitment of the best minds for our public administration? Will it assist in creating the best climate for constructive effort and dedicated achievement and leading to a fairer and more equitable treatment of public servants in all departments and agencies? Will it improve morale, help to end feelings of frustration and anxiety among civil servants? When the bill goes to a special committee, and I am pleased to know it will, these are some of the tests to which I suggest each of its sections must be submitted.

Collective bargaining, of course ,as such is not new in the public service. The Industrial Relations and Disputes Investigation Act applies to employees in most crown corporations. In quite a number of those corporations bargaining agents have been certified under that act and conditions of employment and levels of wages and salaries are established by collective agreement. Most provinces now have a system of negotiation and arbitration with their employees and they have applied such systems to their municipalities.

For many years I have believed personally that procedures of negotiation and arbitration for the federal public service should be recognized and established and that they should adhere as closely as possible to the law in effect governing relations generally between employers and employees. I enthusiastically endorse the principle of collective bargaining. I confess that in other days I had hoped that this could have been achieved by an evolutionary process under which convention, tradition and agreement, rather than statutory enactment, would govern the procedure.

I have always been impressed by the national Whiteley councils in the United Kingdom which since 1924 have worked effectively and efficiently there without any statutory basis whatever. But I confess to sharing the disillusionment with the manner in which events, some of them untimely and unfortunate, have rendered section 7 of the Civil Service Act of 1961 less than efficacious, and I have come reluctantly to the conclusion that only a statutory base in feasible in the attempt to obtain the collective bargaining system which all of us want at this time.

If the proposed bill based upon this resolution is similar to that drafted under the supervision of the preparatory committee on collective bargaining in the public service, as the Prime Minister has indicated, I want to express some reservations about its complexity and possible inflexibility. The place, of course, to thresh this out is the special committee, but I want to sound this note of warning now. The system of collective bargaining should not be made too rigid, should not be placed in a legislative strait-jacket, but must be given the opportunity to live, breathe and grow in order to meet and conform to changing circumstances.

I believe that this occasion should not pass without some words of tribute to the work of the national joint council. For about 22 years it has been the forum in which organized civil servants could discuss and consider jointly with officials representing the government a wide range of questions affecting conditions of work. The central questions of salary and wage levels have never been included in the national joint council deliberations and, indeed, as the Heeney report of 1958 pointed out, it was hardly a suitable forum for joint consultation and systematic discussion of this complex subject. But it has to its credit very substantial accomplishments, chief of which are the five-day week and the group medical-surgical plan.

The national joint council has been a useful and constructive body. When the Prime Minister replies, I should like him to indicate what is to be the future role, if any, of the national joint council. The Prime Minister

will see that at page 87 of the report of the preparatory committee it is indicated that this is being reviewed and that recommendations will be made to the governor in council. I should like to know whether they have been made and what is the nature of them.

I should also like to know what the government proposes shall be the future role of the pay research bureau. I have what I might describe as a paternal interest in this bureau, because one of my earliest actions on entering this house in 1957 was to endeavour to persuade, and I did persuade them, the right hon. gentleman who is now the Leader of the Opposition, and the then minister of finance, Hon. Donald M. Fleming, to establish this bureau which the staff associations had theretofore sought unsuccessfully. I believe it has played a most useful role, that its techniques of research, which were shaky at the outset, have been consistently improved, that its work is needed in the future as a source of complete and impartial information about the comparability of salary and wage levels in various grades and classifications.

The Prime Minister has indicated this afternoon that if a system of collective bargaining is to be successful a drastic rearrangement and simplification of the existing classification and salary structure is a *sine qua non*. The Prime Minister has told us this afternoon that this will be completed some time next year. Indeed, I think this could be one of the most significant and advantageous by-products of the institution of collective bargaining.

Since 1929 this simplification and rearrangement has been urged periodically by various commissions but these recommendations have been largely ignored. The work of the Royal Commission on Administration Classifications in the Public Service was virtually pigeonholed by the St. Laurent government. The Glassco commission report was the latest to find the system "too elaborate and complicated", and recommended radical simplification. Yet in this as in other matters the present government has paid scant attention and virtually no respect to the Glassco report.

Last July, when the preparatory committee on collective bargaining in the public service submitted its report, the then 138,000 continuing positions under the Civil Service Act were found in over 700 classes and 1,400 grades. The special committee will want additional details in this regard to those given this afternoon in the house by the Prime Minister as to how far in fact the work of simplification and rationalization has proceeded. It is very evident that the very number of grades and classifications at present would cause collective bargaining to bog down.

I have no doubt, sir, that there will be many growing pains in the application of new and simplified classifications. It is exceedingly difficult to bring about reasonable uniformity of conditions of employment when there is such an immense variety and diversity of public service jobs. Obviously a clerical job may be very different, although the grade or classification may be the same, for persons working in the embassy at Prague, in an Atlantic seacoast town, at departmental headquarters in Ottawa or in a post at Frobisher Bay.

In addition to the reduction and simplification of the grades and classifications, there are certain other essentials, I submit, if a plan of collective bargaining is to be fully successful and its integrity established firmly. I suggest that these essentials are a basic and integral part of industrial relations law today.

First, there must be full freedom of choice on the part of a civil servant to join whatever organization he wishes. Second, there must be firm prohibition of any discrimination, direct or indirect, against any civil servant as the result of his belonging to an organization of his choice. Third, there must be prohibition of any interference by the government, or any agent of the government, with any staff associations or organizations, including provision of appropriate penalties for threats, reprisals or acts of intimidation. Fourth, there must be provision for an adequate system of redress of grievances and for full investigation of complaints.

Finally, I should like to say that the calibre and ability of the persons appointed to the board and to the arbitration tribunal must be so high and distinguished as to command and retain the confidence not only of all public servants but of all Canadians generally. There is no place for patronage, either political or bureaucratic, in these appointments.

• (5:10 p.m.)

When I refer to the arbitration tribunal may I mention what to me is one of the astonishing features of the report of the preparatory committee as found on page 78:

> The awards of the tribunal should reflect the view of all three members, a majority including the chairman or the chairman alone and, in any event, should be signed only by the chairman. There should be no provision for minority reports.

If I interpret that correctly, it means that the chairman of a three-man board is himself a majority of one even though his two colleagues oppose him, and they are unable to submit a minority report. I confess that I am reminded of the story of Lincoln's cabinet. I do not know whether the Prime Minister treats his cabinet in this way but Lincoln apparently polled his colleagues and found all of them, seven in number, in favour of a certain course of action which he alone opposed. So he announced the result, "Seven yeas; one nay; I declare the nays have it." Frankly, I do not see how this particular proposal in the report and draft legislation can be permitted to stand.

There is one aspect of public service administration which I want to emphasize cannot be made the subject of collective bargaining, and that is the basic merit system. That system, which we owe to Sir Robert Borden, must be preserved inviolate as the central core of our civil service policy. Hon. members are aware of the very deep concern that I feel about possible intrusions into the merit system of factors extraneous to it. I only want to assert now that it is a matter which cannot, in totality or in part, be the subject of negotiation. It must be and remain what the Heeney report of 1958 described it as, "a permanent feature of the Canadian philosophy and machinery of government."

There are a number of other aspects of the bill to be founded upon this resolution which will require especially careful study in the special committee. Personally I am not fully satisfied that the proposed exclusions from collective bargaining are all necessarily sound. Obviously, the armed forces must be excluded, but I am not certain I know why the bill should exclude all persons appointed by the governor in council, persons locally engaged outside Canada, and the bulk of casual employees. It was not clear from what the Prime Minister said this afternoon whether the bill as introduced will differ from the bill recommended by the preparatory committee as to casual employees not being brought under collective bargaining. The latter, it seems to me, are among the employees who may need protection most.

No doubt the special committee will need to spend a great deal of time studying and hearing evidence on the question of the right to strike and the alternative processes mentioned this afternoon by the Prime Minister. Personally I want to study very carefully not only what the Prime Minister said in that respect this afternoon, which I was unable to follow in detail, but the actual provisions of the bill before commenting in detail upon it.

On this whole question I know there are major differences among members of the house and indeed among the staff associations, and I think we should keep an open mind on the subject until all the evidence has been heard. On balance, as I am at present advised I doubt that either the recognition of the right to strike or the prohibition of such right matters as significantly as some believe. Prohibitions of this character have never been very effective in preventing persons with a sense of moral outrage taking retaliatory action. I think our eyes should be upon the goal of preventing conditions arising where the possibility of strike action could even be contemplated. That is the approach we should take. I am sure that already hon. members are receiving telegrams in this respect. Since I came into the chamber this afternoon I have received two, one on each side of this particular subject. I want to hear a great deal more discussion before making a final decision in relation to it or the alternative processes which the Prime Minister has mentioned.

The Prime Minister has indicated that the proposed right of the governor in council to set aside an award as proposed by the preparatory committee will not be in the bill he will introduce following this resolution. But he did not say what reservation, if any, there would be of the residual authority of this sovereign parliament in the event of an emergency where the general public interest requires protection. My hope would be that any such reservation would be as drastically limited as possible.

The 1961 Civil Service Act for the first time made a civil servant's pay a matter of statutory right. In my view a civil servant's pay, determined as it now will be by the process of collective bargaining, is in exactly the same position as a bondholder's interest, an elderly person's pension, a war veteran's pension of other payments which are guaranteed by statute. Nothing should interfere with that pay determined, as I say, by the process of collective bargaining. It may be, Mr. Chairman, that I mention this with some feeling, perhaps principally because the 1962 pay freeze, which I tried hard to prevent, was the reason for my two and a half years enforced holiday from this house.

The Prime Minister this afternoon told us of the consequential amendments which will be required to the Civil Service Act and the Financial Administration Act. What I do not understand is why the resolutions in respect of these amendments are not now on the order paper. Will these amending bills also be referred to the special committee? If so, I venture to suggest they should have been on the order paper this afternoon and should have been brought forward. Personally I believe it is imperative that the special committee should have before it from the outset the full package of the government's proposals. I do not think we should start our deliberations in the special committee until we have before us the complete package of the government's proposals.

The institution of collective bargaining will not create a bed of roses either for the government or the staff associations or indeed for the person most involved, the public servant himself. I say to you, Mr. Chairman, that sincerity of purpose and mutual good will, plus not a little bit of patient understanding, will be prerequisites of its success. But I think this resolution does constitute a very major advance in personnel administration. I endorse wholeheartedly the principle of the resolution and would assure the Prime Minister that we on this side of the chamber who will be members of the special committee will take full advantage of his offer in relation to amendments and will work diligently to ensure that the procedures and techniques are the most advanced and enlightened that this parliament can possibly devise.

Mr. Douglas: Mr. Chairman, the members of this party have long advocated and supported the introduction of legislation which would provide full and complete collective bargaining rights for all government employees and employees of all government agencies. Today, in introducing the resolution preceding the necessary legislation to provide for collective bargaining, the Prime Minister has put on the calendar what could well be a red letter day in the history of the Canadian public service.

As all members know, we have been for some years far behind many other countries in providing this type of legislation. Great Britain, Australia, New Zealand and several other countries have for decades had legislation providing for collective bargaining procedures for the public service. In Canada we have been slow in getting around to this.

[Mr. Bell (Carleton).]

The first province to pass such legislation was Saskatchewan which in 1945 made provision for the entire public service to come within the purview of the Trade Union Act and extended to government employees all the rights and privileges which were enjoyed by all other employees within the jurisdiction of the provincial government. I am only sorry that we have taken so long to follow this lead.

• (5:20 p.m.)

Having said that, this does not in any way lessen the sincerity of my commendation to the Prime Minister and to his cabinet for the great forward step which is being initiated by virtue of the legislation to be put before us. I am sure that it must afford the Prime Minister some satisfaction, having himself had some connection with the civil service of Canada, to think that he has played a major role in the steady advancement of the public service of this country, which began with Sir Robert Borden. He was followed by the late William Lyon Mackenzie King when he was prime minister of Canada, and who in my opinion played a very important role in developing the civil service of Canada, establishing its independence and raising its standards. Today we have another Liberal Prime Minister introducing collective bargaining legislation. If it is effective, as I hope it will be, then the Prime Minister will have won for himself a place in the history of this forward march of the civil service of Canada.

I shall not attempt to discuss in any detail the proposals which the Prime Minister has made, first of all because I should like to examine them more closely and, second, because I should like to see the legislation. We will be able to make a contribution when the bill comes down. However, I should like to say one or two things about the whole process of collective bargaining.

First of all, any legislation which is brought into this house should give to government employees the same rights and privileges as are now enjoyed by other employees anywhere else in Canada. For too long we Canadians have accepted the concept that public servants are in some way or other second class citizens, that they ought not to have the same rights and privileges as their fellow workers. I have never seen any justification for this attitude. I can see no difference between a worker who is employed by General Motors and one who is employed by the government of Canada or any of the government's agencies. I hope that when this

collective bargaining legislation comes in it will cover all employees of the federal government. I exclude naturally the military, whom I do not consider employees but servants of the Crown who enlist for military service.

As a matter of fact, if we are to retain a good staff in the civil service we will have to give them the measure of dignity and independence to which they are entitled. The day is past when getting a government job is a plum. There was a time when people rushed into government jobs because there were not too many jobs in the private sector. But today there is tremendous competition for able personnel. The government has to compete in the labour market and it is not going to be able to compete effectively if persons who have become employees of the government know that they are going to be treated as second class citizens. If we want a good quality of public servants then we must to see to it that they enjoy all the rights and privileges enjoyed by other workers.

I agree wholeheartedly with what both the Prime Minister and the hon. member for Carleton said about the high standard of the public service of this country. But I hope that we will never stop with the steps which are being taken as a result of the resolution introduced today by the Prime Minister. I hope that in due course we will not only be able to build up a highly qualified and highly skilled public service for the government of Canada but that we will be able to make the public service at all three levels of government a career into which young men and women will go upon graduation from university or some technical institute or high school.

I hope that the day will come when we will have reciprocal agreements between the federal and provincial governments and between both those levels of government and the municipalities, so that people trained in public administration will, if they so desire, be able to move from the municipal field to the provincial field to the federal field or vice-versa while at the same time retaining their pension rights, their seniority rights and their other privileges.

In this way, Mr. Chairman, we would build up in Canada a great reservoir of well-trained and highly-skilled public servants who could work at any level of government and who would have a measure of security and independence which is not always possible at the present time. Often-times now civil servants begin to work at one level of government and when they get to a certain age cannot avail themselves of the opportunity go to move another level of government because they would jeopardize their pension rights and they are beyond the age when they would want to do so.

Second, I would hope that when this legislation is brought before us it will give to the civil servants of Canada all the rights of collective bargaining as they relate to wages, hours and conditions of labour. I hope it will enable them to bargain collectively about methods of promotion, job classification and all of the things which are related to their conditions of employment. I hope the legislation will not restrict their right to strike. I am not clear about what the Prime Minister means about the right to strike being prescribed in certain circumstances.

I think we must remember this, Mr. Chairman. While none of us wants to see civil servants go on strike, the fact remains that in the last analysis the strike is the only effective weapon which workers have in the process of collective bargaining. If the employer, whether it be a government or a corporation, knows that the employee is debarred by legislation from exercising the right to strike, them, of course, the employer can drag his feet in the whole process of collective bargaining.

There may be a very few isolated categories in connection with which there ought to be some understanding that there will be no strikes, but I would make them very restricted indeed. I would not have any of them if I had my way, but if the government is going to have a few then there ought to be some *quid pro quo* to protect these people so that they are not taken advantage of. That would mean they would have to have some right of appeal to a fairly impartial body, not merely to an arbitration board with the Minister of Labour, appointing the chairman.

• (5:30 p.m.)

The reason I argue strongly for leaving employees with the right to strike is not that I want to see civil servants go on strike but because I believe that if the government bargains in good faith, and if the grievance procedures which are set up are effective, the question of strike is not likely to arise. I do not say it will never arise. I was associated with a government which introduced legislation to bring all civil servants and employees of the Crown under the terms of the Trade

Union Act. This act gives to employees the same rights as other employees, including the right to strike. Never at any time, as far as I am aware, has a strike in the public service been called but we have had instances where employees in government agencies went on strike. Looking back on that now I am quite prepared to admit that probably on half those occasions when strikes in government agencies occurred the government was at fault because it had acted either on insufficient or inadequate information.

We must disabuse our minds from the idea that workers like to go on strike. They do not. They usually go on strike when they are desperate, when it is the last resort. Strike is the ultimate weapon. I am convinced that in 99 cases out of a 100, if the government bargains in good faith and with an appropriate spirit of give and take, all problems can be resolved without resorting to strike.

To take away from the government employee the right to strike and to treat an employee differently than if he were the employee of a private company or private utility seems to me to be placing a slur on him which is not justified. Therefore I hope that when the legislation comes down there will be no restriction with reference to the right to strike. If the government insists that there be some restriction I hope that it will be narrowed as much as possible and that some *quid pro quo* will be provided so that advantage will not be taken of the fact that parliament has deprived these workers of their right to use this ultimate weapon in collective bargaining.

I hope that the legislation which the government is going to bring down will give to the workers the right to name any collective bargaining agency, that it will give them the right of maintenance of membership, that it will give them the right of check-off from their wages and salaries for the support of the organization which is bargaining on their behalf.

The third thing I want to suggest, Mr. Chairman, is that I think this legislation must provide for genuine collective bargaining and not merely for consultation. Too often in the past governments have tended to be somewhat condescending and have tended to provide merely for a certain amount of consultation, which really is not collective bargaining. In the final analysis the success of all this depends as much upon the spirit which goes into these discussions as upon the legislation which is placed on the statute books. Much will depend on the attitude of the government itself.

When representatives of the government's employees sit down at the negotiating table with representatives of the government they must be classed and treated as equals. An employee may be subordinate to the man across the table when he is back in the office or in the department but when they sit down at the negotiating table they are equals. There ought to be no right to pull rank. If we are going to have genuine collective bargaining a spirit of complete equality in the right to express opinions and the right to disagree and dissent must be accepted.

I understand from the legislation as the Prime Minister has very briefly outlined it that employees will be allowed to be represented by any collective bargaining agent they select. I take it for granted that these bargaining agents will be certified by the labour relations board, once that body is satisfied that any particular bargaining agent represents 51 per cent or more of the employees concerned. I also understand that employees will be allowed to bargain on the basis of occupational groups, which I think is excellent.

For the government there are two choices as to who should bargain on its behalf. I notice that Professor Saul Frankel in his little book, "A Model For Negotiation And Arbitration Between The Canadian Government And Its Civil Servants," makes two suggestions. He suggests first of all that it might be done by the Civil Service Commission. On page 29 he says:

> One way of dealing with this problem might be along the lines followed in the province of Saskatchewan. There the Public Service Commission performs in a dual capacity. It administers the system of recruitment, promotion and appeals, and its chairman is the person who speaks for the government in full-scale negotiations with the staff associations.

Then he says:

> I have noted already the theoretical objections that might be made to this dualism. How does one reconcile the necessary partisanship of a civil service commissioner acting as agent of the employer with his vaunted independence and impartiality in the field of recruitment and promotion? It would seem that practical experience in Saskatchewan has not found this to be a serious issue. Similarly in Australia and New Zealand the dual tasks of administering the merit system and negotiating conditions of employment apparently have not proved incompatible in practice.

It seems to me, however, that since we are devising a model it would be tidier to locate full

responsibility for negotiations within a government department under a responsible minister. The Civil Service Commission would then be left free to maintain the merit principle in recruitment and promotion. The British example combines the advantages of theoretical consistency with practical success.

I agree with Professor Frankel. I think that the government in its proposal to set up the Public Service Staff Relations Board is taking the right course. In a provincial government where the number of employees is smaller a public service commission can fulfil the dual role, and I do not think the theoritical difficulties are very serious. But in a very large public service such as that of the federal government I think that the idea of setting up a Public Service Staff Relations Board which will act for the government in the carrying out of these negotiations is fit and proper provided, of course, that the Public Service Staff Relations Board is not hamstrung by the Treasury Board so that members being sent to negotiate are told: Your job is to hold the line, there are going to be no increases; provided you come out with the same sized wage bill as last year you can sign the agreement.

I am sure that the Prime Minister and the chairman of the Treasury Board realize that there will have to be constant liaison between the Treasury Board and the Public Service Staff Relations Board in order that this board will be able to take full cognizance of the arguments presented by the employees with respect to rising costs, with respect to comparable classifications and comparable salaries in the private sector and in other jurisdictions, and in order that it will have a sufficiently free hand so that there can be genuine collective bargaining.

I say to the government that if you send the Public Service Staff Relations Board into these negotiations with its hands tied this legislation will be a farce and will not provide for genuine collective bargaining at all. You would just have a series of conferences which would attempt to wear the civil servants down to the point where they must either sign an agreement they do not want to sign or resort to strike action.

I hope, and I feel reasonably sure knowing that some members of the government are genuinely interested in this matter, that the negotiating team for the government will get sufficient—

The Deputy Chairman: Order, please. I regret to interrupt the hon. member but the time allotted for his speech has expired.

Mr. Pearson: Continue.

• (5:40 p.m.)

Mr. Douglas: I am almost finished. I thank the committee for its indulgence. I feel sure there will be sufficient flexibility and freedom of action given to those who will be negotiating on behalf of the government to enable genuine collective bargaining to take place. I believe the government will get a good response to the step it has taken today not only from the people of Canada generally but from its own employees and from the employees of its agencies. My experience has always been that when you treat people with dignity and maturity they respond in kind. When you give to our public servants a new power, a new responsibility, they will, I feel sure, act accordingly and in no way abuse the rights and prerogatives which this proposal would give to them. On the other hand, the government has to do everything it can, and this house has to do everything it can, to see that the employees have no reason to feel that the legislation does not provide for genuine collective bargaining.

I wish to make special reference to the question of grievance procedures. The Prime Minister mentioned this subject. Grievances have to be dealt with promptly; there has to be machinery by which the grievances which employees take to their bargaining agents can be examined and rectified should some error have been made. Furthermore, there should be the right of appeal. I take it that grievance procedures ought not to be the subject of strikes. But there has to be some right of appeal if a disagreement between the two bargaining groups cannot be resolved. The Prime Minister said there will be provision for the avoidance of strikes during the life of an agreement. However, one has to consider the possibility of a violation of an agreement. If one party is convinced that the other has violated an agreement and if after discussion it has not been possible to remove the disagreement, it seems to me there should be a right of appeal to some outside body which would make a finding on the matter.

I hope the government will be prepared to be bold about this point when it brings down the legislation. I hope it will have faith in the public service. I believe that if we give these people the rights and privileges to which they are entitled as free citizens of this country they will accept their responsibility and discharge it having due regard to their obligations as servants of the people of Canada.

I congratulate the government on bringing down this legislation. We shall wish to examine it very closely when it comes before us, but if it provides for the kind of collective bargaining for which we have been asking, if it contains provisions such as those of which I have been speaking, I can assure the government that this measure will have our wholehearted support.

[*Translation*]

Mr. Gauthier: Mr. Chairman, that resolution is a good omen because it foreshadows the legislation which will soon be introduced. On the other hand, I admit frankly that it is always with a little reluctance that I take part in a debate on a resolution because, in my opinion, it is a superfluous stage in our proceedings. As a matter of fact, the house loses very precious time that way.

If all hon. members would agree to eliminate the resolution stage I would be very happy. I would have liked it better if the Prime Minister (Mr. Pearson) had introduced the bill this afternoon to allow us to study something concrete.

But such is not the case. The Prime Minister takes the floor and tries to sell us something he is hiding. He is praising its colour and its size, but we do not know what it is, we have not seen it and we are wondering what is inside that surprise package.

That is the impression I get every time a resolution is introduced. We know that the standing orders require it. Let us get away from 1867. It seems to me that we are a little behind the times. Let us get rid of that procedure. The Prime Minister and his ministers should stop introducing resolutions and should introduce bills instead.

After the Prime Minister had told us everything the legislation did and did not contain, the Leader of the Opposition (Mr. Diefenbaker) and the other members of the opposition told him in turn that there might be this in it, that it might be better to include some other thing. I am convinced that the bill is already drafted and I am almost convinced that all the remarks by the four opposition parties will not help to give a final form to that measure because, once again, I feel that the text of the legislation is ready and that all the remarks that are made will not change it one bit.

Therefore, why waste the time of the house? We have already lost two hours studying a resolution and today, if we are to proceed as in 1867, the resolution should be introduced at the same time as the legislation to enable us to study it knowing what it is about.

Mr. Côté (Longueuil): You are not obliged to talk on a resolution.

Mr. Gauthier: What do you mean, we are not obliged to talk on a resolution? We have been talking about it for the past two hours. This what I have just mentioned; nobody has to speak. As a matter of fact, nobody should speak. I am rising to say no one should speak. Two hours of the time of the house have been taken up. This is what we are wondering about; what will this legislation bring us? Let us do away with this procedure.

An hon. Member: Sit down.

Mr. Gauthier: It is all very well to say: sit down. The thing is to convince the others to resume their seats and not to take up the time of the house. The hon. member opposite keeps saying: sit down. He is always seated and never speaks. We are wasting our time with all this. For the past two hours, I have heard speakers deal with the resolution. The Prime Minister himself took up 30 minutes to say that he will introduce something, while the others are wondering whether this legislation will contain anything.

Let us put an end to this procedure. Let us do away with the resolution stage so that pieces of legislation might be brought before the house.

It is not that we are against the bill; quite the opposite, we are very satisfied to have this legislation brought down.

It is said in the resolution and I quote:

> That it is expedient to introduce a measure to provide for the establishment of a system of collective bargaining applicable to employees in the public service of Canada and for the resolution of disputes that may arise in the negotiation or conclusion of collective agreements applicable to such employees.

This only involves a government scheme for government employees which, of necessity, will be operated by government employees and which will be negotiated by the government. This is all that is involved really.

Those people are working for the government, probably because they had good pointers from the parties. In short that is all it is, a government setup.

I would much prefer having the civil servants belong to a union completely independent of the government, just a simple union

which could negotiate with the government. It would be more logical.

But any way, it is an improvement since it involves the establishment of a board for collective bargaining. It is surely an improvement on what we had in the past. We are most happy with this small improvement but we would wish that all employees of the civil service belong to a completely independent union, since they are claimed to be free men. Such is the claim, but I do not at all believe it. Nevertheless, it would be a small step forward concerning the freedom of the employee.

• (5:50 p.m.)

[*English*]

Mr. Leboe: Mr. Chairman, I should like to comment very briefly on the resolution before us in connection with bargaining rights for public servants. For a number of reasons we in this group have been in favour of bargaining rights for public servants. At this stage in the debate it is difficult to speak without repeating some of the things which have already been said but I will try to avoid covering the same ground twice.

First, I would like to say there is a certain degree of myth attached to the proposition of public servants having the right to bargain but on the other hand there is a distinct reality that it can be very valuable not only to the general public service but also to the government itself. This sounds like a contradiction, but what I mean is that over the years we have been in a position where a certain amount of bargaining has been going on all the time, although not in the same sense as it will be once official bargaining machinery such as is proposed is set up.

This will not provide a utopia, as many public servants may think, because the responsibilities of the public service are going to be manifest to them in much greater degree than in the past. The psychological effect, however, will be to produce a peace of mind for public servants in having an organization that will do the right thing for them with respect to working conditions, wages and so on.

However, they will come to realize more than ever that the executive officers of their organization will have to be watched, and the officers will have to keep in close contact with the rank and file membership of the public service lest at any time they speak for themselves and not for the ordinary membership. This may even bring about a situation in the future where limitations will be put on the length of time an officer may hold office. This, I believe, will become paramount in the actual effectiveness of negotiations.

We shall also discover that some of the members of the public service will be better off as a result of collective bargaining but others will not be as well off as at present because in the process of elimination of categories and by reason of the grinding mill of negotiations some public servants will be removed from their present categories.

When the bill is introduced we shall have to spend a considerable amount of time analysing it in order to make certain that it will be a properly working act of parliament right from the beginning. I think this analysis will have to take place in committee, and I am hopeful that there will be free expression of opinion in order that parliament can offer its best with respect to the bargaining position of public servants.

[*Translation*]

Mr. Allard: Mr. Chairman, should I call it six o'clock?

Mr. Haidasz: No, continue.

Mr. Gauthier: Continue.

Mr. Allard: Mr. Chairman, I am pleased to—

The Deputy Chairman (Mr. Rinfret): Order. I must advise the hon. member for Sherbrooke that the time allotted for the study of private members' business has been postponed to a later date. He may therefore continue his remarks with regard to the resolution now before the house.

Mr. Allard: It is very kind of you, Mr. Chairman, to point out that I now have the floor. However, before I go any further, allow me to say that I disagree with the hon. member for Roberval (Mr. Gauthier) concerning the resolutions put before this house.

By virtue of my political status here in the house I must, however, differ somewhat today from the opinion he has expressed; I feel that the resolution stage has its importance for it allows the government to give parliament an outline of the bill to follow and the occasion to find out what the various political parties and members think of the matter to be submitted to them in greater detail.

Naturally, much time can be wasted in the house, and we have seen it happen from time to time. The same applies to the committees. When the committee is formed, we sincerely hope it will proceed without delay and not

dwell only on matters of secondary or lesser importance, because the problem is of capital importance.

That problem has been facing us for many years in Canada and has not been solved yet, but the introduction of the resolution leads us to believe that it will soon find an almost complete solution.

Therefore, I wish to congratulate the government for introducing that resolution. If, at times, I criticized rather sharply several pieces of legislation in the house, I am happy today to congratulate the government and the Prime Minister for submitting the matter to the house for study after a few months' notice.

Of course, we are used in Canada to politicians of good faith, there are so many of them, but from an administrative standpoint how slowly everything is done.

The hon. member for Burnaby-Coquitlam (Mr. Douglas) pointed out a little earlier the merit of the measure but underlined the time it took to introduce it.

That problem is of capital importance. It has created between the government, the employees and even the public for many years tensions, worry, numerous grievances. Finally a resolution is introduced, a bill will follow, and I hope that it will enable us to strike a happy medium and give justice to that category of Canadians who willingly spend their youth on special studies and their life at the service of the state, and who have the right to work under human conditions, in line with those which prevail in 1966, and not according to a conception of the labour code which is 75 years old.

The present legislation needs to be amended considerably, and that bill will most certainly do it. We will therefore have to study it in detail when it is introduced.

Since 1961 the present legislation recognizes the right of association to civil servants. Sections 7 and 10 provide that the Minister of Finance (Mr. Sharp) and the Civil Service Commission must, from time to time, consult with representatives of civil servants associations before formulating recommendations or taking decisions with regard to the salary of the members of the civil service. Well, that legislation is obsolete and backward because it is responsible for the government lagging too far behind the existing labour code.

[Mr. Allard.]

If, as an employer, the government is different in some respects from the private employer, it cannot avoid the many social obligations of today. Our changing democracy requires it.

In order to delay the granting of negotiation and conciliation rights, it has often been alleged that parliament, by virtue of its sovereignty, cannot commit its authority beforehand in the matter of expenditures in favour of a inferior organization. This argument has some validity, but it should be considered very closely in the light of rights granted to workers at present, so as to reflect the slight differences which, I hope, the bill will contain in detail.

We are lagging behind a great deal. The British government, that we take as a model in some fields, has recognized since 1925 the right of association and conciliation within the public service. In 1925, the British government included in its legislation a provision to the effect that all matters remain subject to the final authority of parliament. Thus, it upheld the principle that parliament could not abandon its absolute sovereignty.

• (6:00 p.m.)

Since 1925, almost 700 cases have been submitted to arbitration and in more than 95 per cent of those cases, the decision reached by arbitration was unanimous. It follows therefore that when the government and its permanent employees are able to discuss matters democratically through conciliation procedures, an increase in grievances and friction is not so much to be feared. We have proof of this by the criteria laid down in England since 1925.

I shall not deal at length with this matter today, because I shall refer later on to the setting up of a conciliation board, to the role of the chairmen and, of course, of members of those conciliation boards.

However, I should like to make a few remarks regarding the right to state grievances. Of course, the government is an employer somewhat different from a private employer, because it has national responsibilities to face and assume, whether in peacetime or in wartime.

Notwithstanding its national responsibilities, I think that the government should not exclude from the bill the right to strike, as a corollary to the right of association or bargaining. Obviously, I believe the committee should spend more time on the question of dividing the essential and secondary fields of

administration where the right to strike should be prohibited or allowed.

As the hon. member for Burnaby-Coquitlam (Mr. Douglas) pointed out so well, in cases when the right to strike would not be permitted, well, there would be a right of appeal. Whatever the formula to be adopted, the bill should be democratic, modern, in line with democratic evolution, the standards of labour legislation, and they should try to introduce a formula which would be as close as possible to the privileges allowed to employees in private enterprise, with the necessary differences in certain fields from the point of view of public and national responsibility of government.

Therefore, I feel that the right to strike should be considered by this committee and should be subject to strict restrictions, so that it could be used only in the fields where they would decide, after having exhausted all the negotiation procedures and, therefore, it should be the ultimate recourse to be taken after sheer injustice or absolutely inflexible stubbornness.

There is another point I would very much like to see defined in the bill, but I am very much afraid it will not be in the sense I would hope for. This follows on a grievance which is most important and essential to the future of the Canadian federation.

It would be most important to provide for the definition of the bargaining unit. You are doubtless aware of the very significant and substantial grievance arising today between groups of employees of crown corporations concerning some rulings of the National Labour Relations Board to the effect that bargaining units are considered, not as defined by the Industrial Disputes Act, but considered by precedent and by repeated similar rulings that the bargaining unit must be strictly on the national level.

I should like the government to consider the problems of the Canadian crisis revealed to us in considerable depth by the report of the Laurendeau-Dunton commission on bilingualism and biculturalism, because French Canadians in the civil service have been badly discriminated against in one way or another, intentionally or not, in a concerted or inadvertent manner.

I know several French Canadians who wanted to make a dynamic contribution to the administration of their country, but who did not evince interest in the civil service because they were treated as inferiors and always kept in second and third class positions. The better salaries were the private preserve of another group.

It is important to provide in this legislation, when we are looking for an efficient remedy to this government problem, that the bargaining unit be considered on the national level as well as local, because some civil servants in the province of Quebec have particular problems. Whatever may be said, Quebec is not a province like the others.

This is established by facts, by theory and by the people's feelings. Civil servants in the province of Quebec have particular problems also with the government. That is the reason why it is important. It takes nothing away from national unity but, on the contrary, it might strengthen it. It is not always by pushing someone aside or by prodding him that you make a friend out of him. One can make a friend out of an intelligent man.

I should be in favour of a study by the committee upon the advisability of establishing the bargaining unit at the local level, so that the group of French Canadian employees may receive an equal treatment within the civil service.

• (6:10 p.m.)

[*English*]

Mr. Benson: Mr. Chairman, after the full statement by the Prime Minister in introducing this legislation it is not my intention at this time to speak at any length, but I will expand on my remarks at second reading of the bill. I know that everyone is very anxious to pass this resolution and to see the actual legislation proposed by the government.

However, I should like to assure hon. members, in answer to a few of the questions raised by the hon. member for Carleton and the hon. member for Burnaby-Coquitlam, that reclassification of the civil service has been carried on with every possible speed since this government came into power. We appointed the Heeney committee which reported to us, following which we immediately asked the Civil Service Commission to proceed with reclassification.

Reclassification is well under way and it involves a massive task, there being more than 200,000 civil servants. It is expected to be completed so that, in the event this legislation is passed, we will be able to commence collective bargaining this October with some reclassification and with the complete reclassifications by October of 1967. I think this

indicates remarkable speed considering the great task involved.

In relation to another question asked about amendments to the Financial Administration Act and the Civil Service Act which are necessary as a result of this collective bargaining legislation, I should like to assure hon. members that appropriate legislation will be introduced as soon as that is physically possible. With the indulgence of the house, after this legislation has been given second reading I hope we can move to item No. 53 on the order paper involving the authorization of a joint committee to consider this legislation. It is the plan of the government, when we complete the redistribution debate, to proceed with second reading of this bill and then move to second reading of the two other bills involved. They would then be referred as quickly as possible to the special joint committee so that the necessary legislation can be passed, we hope, by July.

There was only one other point raised which I think I should answer at this time. I refer to the point in respect of the independence of the Public Service Staff Relations Board and the arbitration tribunal about which the hon. member for Burnaby-Coquitlam spoke. I should like to assure the hon. member and the committee that it is the intention of this legislation and of the government that these shall be completely independent bodies appointed for terms which will secure their tenure and make them completely independent of any government influence.

Mr. Bell (Carleton): Mr. Chairman, perhaps the minister will be good enough to answer the two questions I raised in respect of the future roles of the national joint council and the pay research bureau.

Mr. Benson: I am prepared to deal with those more fully during second reading of the bill.

The Deputy Chairman: Shall the resolution carry?

Some hon. Members: Agreed.

The Deputy Chairman: Shall I report the resolution?

Some hon. Members: Agreed.

Resolution reported and concurred in.

[*Translation*]

Hon. E. J. Benson (for the Prime Minister) thereupon moved for leave to introduce Bill C-170, respecting employer and employee relations in the public service of Canada.

[Mr. Benson.]

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Rinfret): When shall this bill be read the second time?

[*English*]

Mr. Knowles: At the next sitting.

[*Translation*]

The Acting Speaker (Mr. Rinfret): At the next sitting of the house?

Some hon. Members: Agreed.

[*English*]

Mr. Benson: Mr. Speaker, in order that we may proceed with the naming of the members of the committee I would ask for unanimous consent that we deal now with item No. 53 on today's order paper which simply authorizes the setting up of the committee necessary to examine the legislation now before us.

Mr. Bell (Carleton): That is agreeable.

The Acting Speaker (Mr. Rinfret): Does the house give unanimous consent to deferring private members' hour for the consideration of item No. 53 on today's order paper?

Some hon. Members: Agreed.

MOTION TO ESTABLISH JOINT COMMITTEE

Hon. E. J. Benson (for the Prime Minister) moved:

That a joint committee of the Senate and House of Commons be appointed to inquire into and report upon a measure respecting employer and employee relations in the public service of Canada and upon such other related legislation as may be referred to it by either house; that 24 members of the House of Commons, to be designated at a later date, be members of the joint committee, and that standing order 67(1) of the House of Commons be suspended in relation thereto; that the said committee have power to call for persons, papers and records and examine witnesses; to report from time to time and to print such papers and evidence from day to day as may be deemed advisable, and that standing order 66 be suspended in relation thereto; and that a message be sent to the Senate requesting that house to unite with this house for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed joint committee.

Motion agreed to.

• (6:20 p.m.)

The Acting Speaker (Mr. Rinfret): Is it the intention of the house to revert to private members' hour?

Some hon. Members: Agreed.

Mr. Pickersgill: Mr. Speaker, I wonder whether, in view of the time that has been lost, the house would rather go on with government business. We would be prepared to go on with the railway branch line bill.

Mr. Knowles: Would it not be fairer, Mr. Speaker, to give a little extra time to the hon. member who has a private motion?

Mr. Pickersgill: Is it the wish of the house to go on a little beyond seven o'clock and take an hour for private members' business?

Mr. Knowles: My suggestion is that we have private members' hour now and that it last until one hour from now.

Mr. Pickersgill: I would like that to be understood, Mr. Speaker, because my bill will be the next item of business and I want to be back in the house. I would suggest that with unanimous consent private members' hour extend to twenty-five minutes past seven o'clock.

The Acting Speaker (Mr. Rinfret): Is it agreed that private members' hour commence now and continue for one hour until 7.25?

Some hon. Members: Agreed.

BRIDGES

WALPOLE ISLAND-CHATHAM TOWNSHIP—SUGGESTED CONSTRUCTION

Mr. Mac T. McCutcheon (Lambton-Kent) moved:

That in the opinion of this house the government should give consideration to the advisability of constructing a bridge on Chenal Ecarte (also locally referred to as the Snye), one of the channels at the mouth of St. Clair River, where at present there is a cable-operated ferry linking the shore of Walpole Island to the shore of Chatham township, county of Kent, (mainland side), Ontario.

He said: Mr. Speaker, I cannot begin my remarks on this subject without first thanking hon. members most sincerely for their generosity in allowing a full hour for private members' business so that I may present this motion.

Rarely do we as members of this house have an opportunity to do something directly for our fellow man that will be as helpful to any group of people in Canada and as satisfying to hon. members as the acceptance of this resolution. Here is a golden opportunity for us as members to go on record. When we support this resolution we will be taking a great step toward establishing again in the minds of the public the fact that members of this house do care about their fellow man and can co-operate for the common good. Many of the newspaper reports of political infighting, partisan prejudice and bias will be proven wrong in the face of such action on the part of men of good will in this house.

It is in this vein that I thank the hon. member for Lambton West (Mr. Foy) for his interest. I welcomed his offer to second my motion. He has done this because I believe he honestly and sincerely wants to help the 1,500 people living on Walpole Island in my constituency. Let me remind the house that these people vote in my riding, not his. However, he is fully aware of the problem as he lives close to the area and is therefore well qualified to speak on the subject as I hope he will.

This bridge is required desperately so that reasonable access may be obtained to the island which is only about 300 feet from the mainland. Transportation to the island from the mainland is only possible by the use of an antique scow whose only condescension to modern trend in the past 100 years has been the replacement of handpower on the cables by a gasoline motor. For a ride on this contraption the public pay 25 cents each way. Quite often an hour's wait or more is required before a potential user can get aboard and pay his 25 cents to risk his life and vehicle in the crossing.

Many people in the area will not cross to the island because of a well-founded fear of the crossing. Indeed, there are people in this area who have never been on the island. If reasonable access to the island can be obtained it will means many dollars of extra income to the residents. There are natural resources on the island that can be utilized. To give one example, there is a large, sandy beach which could become a source of income to the band and thus reduce their dependence on federal funds. In addition, there are thousands of acres of the most fertile soil awaiting development. I am told that less than one-third of the potential agricultural area on the island has been developed. The island, if provided with reasonable access, could be a veritable garden spot.

In addition, Mr. Speaker, there are many skilled and semi-skilled people on the island who would naturally gravitate to our side for employment rather than as at present going on the diesel ferry that carries them to

Algonac, Michigan, where many work in industries. We need these people in industry in Canada now and they have a great contribution to make to our economy.

Many times during the past winter the residents of the island were isolated and bread and other essentials were only obtained by most dangerous and perilous trips across the ice. I only wish *Hansard* had the facility of putting on the record pictures such as I have in my possession of the situation there this spring.

I do not intend to take up much more of the time of the house. Someone may ask about the cost, which I have purposely not mentioned. The cost is not important really, because if any member feels we cannot afford a structure such as this let me remind him that, while I favour toll-free access, people in the area would gladly pay double what it now costs to risk life and limb on the scow for the privilege of crossing on a bridge.

Therefore, before anyone in this house thinks he can use the "no money" device, shall I say, to delay this bridge let me point out that I know that I speak for the people in southwestern Ontario when I say they want the bridge and need it badly enough that a self-amortizing plan with tolls would be readily acceptable although, of course, not as satisfactory as a free way. Remember, they already pay to ride on the scow.

• (6:30 p.m.)

For the benefit of members who are not familiar with this area of Canada may I point out that the St. Clair River flows between Canada and the United States from Sarnia past Walpole Island, roughly 30 miles. The stream is approximately one mile wide and at Walpole Island the river divides into three narrower channels before emptying into Lake St. Clair. The channel between mainland Ontario and Walpole is called the Snye or Chenal Ecarte. This is where we need the bridge immediately. The channel is about 300 feet wide. On the opposite side of Walpole Island is the middle or main ship channel, approximately a quarter of a mile wide, between Walpole and Harsen's Island which is United States territory. Harsen's again is approximately three-eighths of a mile distant from mainland United States.

At the rate our country and population grow it would seem that an international bridge to the United States of America must soon be considered. As things now stand, in order to proceed from Wallaceburg to Algonac, Michigan, it is necessary to drive to Sarnia and cross the Blue Water bridge, a trip of 40 miles up one side and 40 down the other. If you go the other way it is approximately 70 miles by highway to Windsor where there is the Ambassador bridge and the Detroit-Windsor tunnel.

It would seem to me—and this is only a layman's view—that three bridges hopping from island to island would be more feasible than one large structure crossing a mile of open water. The bridge to Walpole Island could be the first step toward an international bridge in the future. This would be of benefit not only to the 1,500 residents on Walpole Island but to probably half a million people in Ontario and many, many more in Michigan. So you see, Mr. Speaker, this is a worth-while idea in many ways.

The river drive from Sarnia to Walpole Island is one of the most beautiful in Canada. This fact has been recognized by the municipalities involved and the provincial government. Indeed, the minister of highways of Ontario, Mr. MacNaughton, has already introduced or will soon introduce legislation to establish this route as a scenic parkway. It will rival the Niagara parkway in beauty. Further, he has personally signified to me his interest in this bridge, which adjoins Ontario highway No. 40. It would be complementary to the parkway and to the expressway being built to take commercial traffic off the river-front road.

As a matter of fact, Mr. MacNaughton has written me as follows in a letter dated March 1, 1966:

> My capital construction program for the 1966 construction season is pretty well set by treasury board and by my own department, which would preclude anything of an imminent nature being done, but probably we can get on with some of the preliminary investigatory work in any case.

So, Mr. Speaker, here is the offer of the province of Ontario to co-operate. This bridge must be a joint effort, and I am sure that the province is ready and willing to co-operate with the proper federal authorities and make a start toward this worth-while endeavour.

In closing, Mr. Speaker, let me ask members of this house to place themselves in the position of a husband or a father on Walpole Island whose wife or child is seriously ill or, for that matter, dying. The ferry cables are broken or the ice floes have isolated your island home for several days. You cannot get a doctor to the island and you cannot get your loved one to a doctor or a hospital. How would they then vote on this resolution, Mr. Speaker?

Mr. Walter F. Foy (Lambton West): Mr. Speaker, I rise in support of this motion because I believe it deserves the attention of all members of the house. First of all, I should like to say that even though this motion was introduced by the hon. member for Lambton-Kent (Mr. McCutcheon), who is a member of the opposition and represents in this house the Walpole Island Indian Reserve, I am both honoured and pleased to second it.

Before giving my reasons for saying that this motion should be passed I should like to give a brief description of this island reserve. I have distributed to hon. members pictures of some of the ice floes which are such a great problem to the people on the reserve.

Walpole Island is about ten miles in length and about six miles at its widest point. The reserve is located at the junction of the St. Clair River and the Snye, about 30 miles to the south of Lake Huron. The band comprises about 1,500 members and their reserve is entirely surrounded by water. The proposed bridge would span the Snye River for a distance of 300 feet at the suggested point from the island to the mainland. Incidentally, the Snye River is the only channel for freighters carrying cargo to the city of Wallaceburg.

The only means of transportation to the island reservation is by ferry. The ferry that crosses the Snye is operated by motor-driven cables from the mainland. Even during the months when navigation is open, accidents are numerous. The cables foul freighters and many pleasure craft. But when the cold months of winter set in and navigation is closed, the hazards are unbelievable. The industries north of Walpole Island continually pour waste, accompanied by extremely hot water, into the St. Clair River. This, plus the mild climate during the winter months and the fast current, prevents a complete freeze-up of the river.

Therefore, Mr. Speaker, the ferry operates during this treacherous period when it can. It must break a path through the thin ice and very often must fight large masses of ice which float down the St. Clair River into the Snye. The mode of transportation under these conditions reminds me of what I have read about the Daniel Boone days but certainly not of the year 1966.

On this island there are approximately 8,000 acres of the finest corn-growing land in this country. This land is leased to white farmers who employ the Indian people on the island and this provides income for the band members. The acreage could at least be tripled if there was modern access from the mainland to the island. Here, then, is one reason that this bridge should be constructed.

• (6:40 p.m.)

In summer Walpole Island is a resort area and about 1,000 people live there for the season. This is another source of income for the Walpole Island Indian band, but this increase in population multiplies the problems of commuting back and forth from the mainland to these resorts. There are only 25 permanent jobs on the island. The remainder of the labour force, men and women, must commute to the mainland to work and earn their living. A further source of income to the Indians is the many hunters who require guides and other services during the duck hunting season. These are a few of the many reasons why this bridge is a necessity for better economic, social and living conditions, to say nothing of safety which is certainly of major consideration.

However, the most distressing factor, from my point of view is the education of the Indian children. Each hon. member knows the stress that every level of government puts on education today for all children, not just for Indian children. We as members say we must educate our Indian children and youth so they will be able to help themselves, so they can learn trades and professions and be independent. We say our ultimate aim is that the Indians be self-supporting, that they live in dignity with a standard of living equal to that enjoyed by all other Canadians. But what about the Indian children on Walpole Island? There are 182 pupils who commute by bus and the ferry to the city of Wallaceburg to attend high school. There are 193 children in the lower grade school on the island.

The ice floes are a menace during the winter months; yet those children attending high school must venture on an antiquated cable-drawn ferry through this ice floating along in the strong current. When the ice floes reach a density and volume which prevent the ferry from operating there is no other way for the students to cross the Snye. Therefore they are unable to attend their classes. For the same reason teachers from the mainland are unable to reach the island and their classrooms in the lower grade school. As a result 375 pupils are compelled to miss school through no fault of their own. They have the added problem of trying to

pass examinations after poor attendance through no fault of their own.

I should like to read from the Windsor *Star* of February 15, 1966. The column is headed: "Walpole Asks Action On Bridge." There is a picture showing one of the ferry docks. Under the picture it says:

It's not very far from the mainland to Walpole Island but the island might have been another planet over the weekend. Ice floes from Lake Huron and the St. Clair River have halted the ferry from Baldoon to the island indefinitely, stranding people on both sides of the Snye Channel. Shown here is the ferry and part of the ice field that is disrupting traffic. The island is in the background.

This is a very serious matter. In addition to the problems the students face there have been a considerable number of deaths resulting from cars running off the ferry. There is also a serious hazard to sick people who cannot be taken to hospital or to a doctor due to the interrupted ferry service during ice floe time. These ice floes are continuous throughout the winter, at least until the end of February. It is not unusual for ice to be flowing until nearly the end of March. I believe this was mentioned by the hon. member for Lambton-Kent.

At this point I am going to refer to the press release and announcement made in the house by the Minister of Northern Affairs and National Resources (Mr. Laing) a few weeks ago. The announcement had to do with the program of physical development of Indian Communities for which the federal government has budgeted $112 million during the next five years to undertake a massive Indian reserve improvement program. I draw attention to this part of the statement:

In order to provide access to and from reserves for school children, employment opportunities and economic development, adequate roads are necessary. To this end some $17 million will be spent in co-operation with Indian band councils and other levels of government.

This is the open door for co-operation with the Walpole Indian band council who have already petitioned and asked their government for this bridge.

I now quote from the Chatham *Daily News* of February 16, 1966, one short paragraph of an article entitled, "Walpole Ferry Operating Again", in which it is said:

The bridge to the island has been a platform plank of a great many politicians for years.

Today, Mr. Speaker, there are three bus loads of children crossing the Snye twice daily. It is estimated that in 12 years there will be 21 bus loads of children crossing twice daily. This bridge is needed and it is needed now.

I ask and plead with the hon. members to forget partisanship as I have done. I know that politics will never disappear from government. It is an essential part of our system but there are some areas where all parties in the house should forget politics. I believe this is a case in point. The great need for this bridge is one instance where no political philosophy is involved. The safety and need of the Indians should be of the utmost concern to all hon. members.

I know this is a motion and not a bill but in not talking out this motion all hon. members will silently give their approval to this great need. I know hon. members will recognize their responsibility as members of this parliament and pass this motion. To those who feel it a political responsibility to talk it out I say: Would you want your children to be carried on an open, outdated cable-drawn ferry, which is a hazard in itself, plus having the added peril of facing these ice floes twice daily in order to get an education?

• (6:50 p.m.)

The Acting Speaker (Mr. Rinfret): I regret to interrupt the proceedings but it is my duty to remind the house of the subjects which will be before the house for discussion at ten o'clock. May I have consent to read the agenda?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

The Acting Speaker (Mr. Rinfret): It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: the hon. member for Skeena (Mr. Howard)—Grain—Prince Rupert, B.C.—increase in elevator capacity; the hon. member for Digby-Annapolis-Kings (Mr. Nowlan)—National Defence—Greenwood—reported fight following pay increases for pilots; the hon. member for Pictou (Mr. MacEwan)—Transport—Pictou Landing, N.S.—reported unsafe condition of wharf.

BRIDGES

WALPOLE ISLAND-CHATHAM TOWNSHIP—SUGGESTED CONSTRUCTION

The house resumed consideration of the motion of Mr. McCutcheon:

That, in the opinion of this house, the government should give consideration to the advisability of constructing a bridge on Chenal Ecarte (also locally referred to as the Snye), one of the channels at the mouth of St. Clair River, where at present there is a cable-operated ferry linking the shore of Walpole Island to the shore of Chatham township, county of Kent (mainland side), Ontario.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker I am pleased that the hon. member for Lambton-Kent (Mr. McCutcheon) has brought this resolution forward for our consideration. I am even more pleased that the hon. member for Lambton West (Mr. Foy) has seen fit to second it and give it such forthright and eloquent support. The resolution has, I believe, been put forward in such a way that we can consider it entirely on its merits and without spending an undue amount of time in discussion, I hope, express an opinion of the house suggesting that action be taken by the federal government so far as it has responsibility within this field.

The hon. member for Lambton West said this proposal had been a plank in many political platforms and the thought occurred to me that if all these planks had been put together the bridge might already have been built. However, this is a project which still remains to be accomplished.

A resolution of this kind brings to mind the size of Canada and how little of its geography is known in detail to those who do not live in the area concerned. I am sure that if I were to discuss, for example, the transportation problems of the Indian people at Ucluelet or housing needs on Vancouver Island, the hon. member for Lambton West or the hon. member for Lambton-Kent would be no more familiar with the local geography than I was with the Walpole Island area until a comparatively short time ago.

Though I was not aware of the constituency in which Walpole Island lay I was interested in a communication which I and other members, I assume, received some time ago from the chief of the band council on the Walpole Island reserve. Since I have some acquaintance with the problems in the transportation field which face Indians in my part of Canada I wrote asking for further information, and I can assure you, Mr. Speaker, that I received additional information very promptly together with an outline map of the area.

One part of the information which greatly intrigued me—and this was not stressed by either of the previous speakers—was the fact that the Indians living on this reserve have progressed further in the direction of managing their own affairs as a self-supporting community than have many of the Indian bands across Canada. For this reason, if for no other, I found myself interested in the project we have been discussing, one which seems to be of so much concern to these people.

As a matter of fact, I took it upon myself, though this area is a long way from Comox-Alberni, to address a communication to the Minister of Northern Affairs and National Resources in his capacity as Superintendent General of Indian affairs to ask how this particular project stood so far as the Indian affairs branch is concerned. Reference has already been made by the hon. member for Lambton West to the recently announced program for Indian community development. I feel sure that the proposal we are considering lies foursquare within the provisions of the economic development program recently announced by the minister involving plans to spend $112 million in this field over the next five years.

I venture to believe that no one in any quarter of the house would quarrel with the minister's intentions in this regard, and I would point out that particular reference was made to the need for an improvement in transportation facilities to enable the Indians to enrich their economic, social and educational life through measures of self-help and increasing self-government. For this reason I ask the house to express itself in support of the resolution.

As I understand it, the entire area of Walpole Island consists of Indian reserve property. I believe this creates a constitutional situation in which the federal government and the Indian affairs branch can become directly involved in a way which might not be possible were the island only in part an Indian reserve. If the co-operation which the Department of Highways of the province of Ontario has indicated its readiness to provide is indeed forthcoming, there should be no delay in working out financial arrangements with the Indian affairs branch as the proper agent of the federal government so that this

project may go forward with the least possible delay and a remedy be found as quickly as possible for the deplorable transport facilities outlined by the two hon. members who have spoken this afternoon.

I am interested in the suggestion that this bridge would be a possible link in an international crossing. I refer to this only to suggest that since this project is related to international waters it is an area within which the federal government has authority in some measure at least. I rise as one member who represents in this parliament a large number of the Indian people of Canada and who for this reason has some knowledge of the transportation problems with which many of the Indian people are faced. I do so to give full and wholehearted support to those who urge the speedy passage of this resolution and I trust that speedy construction of the bridge will be possible.

• (7:00 p.m.)

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, I welcome the opportunity to make a few remarks on the motion of the hon. member for Lambton-Kent (Mr. McCutcheon), which has been supported by the hon. member for Lambton West (Mr. Foy). Their contribution was an eloquent plea for a bridge across the Chenal Ecarte from Walpole Island to the approaches of highway 40, which leads into Wallaceburg.

I first wish to say that we on this side of the house are well aware of our responsibilities for the welfare of the inhabitants on Walpole Island. We are aware of the economic studies that have been made by the St. Clair area development board, and I can assure hon. members that the officials of the Indian affairs branch here in Ottawa have been studying that report, as well as the reports made on the self-government experiment on Walpole Island.

I agree with the previous speakers that a bridge of this type would be an important factor in the provision of better movement between the main island and the neighbouring mainland. Construction of this bridge would, no doubt, be an important project. Besides the consideration of local needs and demand, important factors such as divided jurisdiction of the different levels of government, the feasibility of building such a bridge, other engineering studies, and the costs of construction should be carefully taken into account.

[Mr. Barnett.]

I would like to commend the local Indian band authorities for taking the initiative in this matter. Having taken on the responsibility of carrying out the project, I hope that liaison with local, municipal, provincial and federal agencies will be smooth and fruitful. At this time I would like to acknowledge a letter, dated February 16, 1966, which I received from Chief Burton Jacobs of the Walpole Island council, which I read with great interest and immediately referred to the Minister of Northern Affairs and National Resources (Mr. Laing), who is the Superintendent General of Indians.

In noting the remarks in this letter about the need for a bridge I also welcomed news of the successful development of the experiment in self-government on the island. I regard this experiment in self-government on Walpole Island as an important move. This event has evoked much interest among many Indian leaders across the nation who share the philosophy that enlightened band administration is the spark plug of community development. The opportunity to participate fully in determining their own destiny should be the goal of all Indian people as Canada approaches the centennial of confederation.

We are grateful to the hon. member for Lambton-Kent and the hon. member for Lambton West for their assurances that the provincial authorities are ready to discuss the project of constructing a bridge across the Chenal Ecarte. I am informed that the Indian affairs branch is well aware of the desire of the inhabitants of the island for such a bridge to replace the ferry service. The open deck, flat-bottomed barge operated by an engine driven cable is not the best form of vehicle to cross the 300 foot channel of water, especially in adverse weather and under the conditions experienced at certain times, as explained by the hon. member for Lambton West.

The department is aware of its responsibilities for the welfare and education of the 300 odd students who cross the channel by this ferry to reach the secondary school at Wallaceburg. So far as the further negotiations that should be carried on between the band council, the provincial government, the local authorities and the Indian affairs branch are concerned, I would like to say that these are already in progress. This morning the representatives of the people on Walpole Island met with the Minister of Northern Affairs and National Resources (Mr. Laing) and have scheduled a meeting next month with the

local authorities and also with the representatives of the Indian agency in that area.

I also note that the officials who will be present at that meeting will be considering a motion to have a firm of consulting engineers look into the question. It is my hope and my desire that the negotiations will finally be fruitful and provide what is best for the residents on Walpole Island and for the development of the St. Clair area.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, this evening I am the second member from British Columbia to enter into this debate on the building of a little bridge to serve a band of Indians who live on an island in Lake St. Clair in the province of Ontario. It may seem strange to the hon. member for Lambton-Kent (Mr. McCutcheon) that two members from such a distant province would take part in this debate, but I might say that in British Columbia we have two things very much in common with the hon. member and with the problem of the Indian band on Walpole Island. British Columbia is a province in which we have a considerable population of Indians living under a variety of circumstances in very rugged country, and being served by some of the most rugged forms of transportation to and from civilized roads and communities that are to be found anywhere in Canada or, indeed, anywhere in North America.

Another thing we have in common is that we British Columbians, as we move throughout our own province and up and down Vancouver Island, have become familiar with some very weird and wonderful forms of transportation that have served us for many years. Therefore I for one recognize the hazards which attend this Indian band on Walpole Island as they go to and from the mainland, using the rather primitive conveyance which the hon. member for Lambton-Kent and the hon. member for Lambton West (Mr. Foy) have described. The latter of these two hon. members has provided us with a picture showing this primitive device crossing the 300 feet of water to the island, across ice floes, much in the manner of Eliza in "Uncle Tom's Cabin". As a matter of fact I think it was on ice floes in and around that very area that Eliza nipped across the ice, and I know the hon. member will correct me if I am wrong. I see him rising.

Mr. McCutcheon: Yes. I know the hon. member would not want to have any error in his remarks. Eliza, with the dogs nipping at her heels, crossed on the ice at Amherstburg, which is downstream about 15 miles from Detroit.

• (7:10 p.m.)

Mr. Deachman: I am sorry if I erred by 15 miles. However, I think you will agree that in an area as big as Canada I was in the general ball park. This problem concerns a band of about 1,500 Indians, about 750 of whom I understand are employable or are able to get into the labour stream. The community adjacent to them is the town of Wallaceburg. Certainly it would improve the lot of these Indians if they had better facilities for going to and from Wallaceburg. We have many Indian bands in Canada and the problem of transportation to and from the reserves is a great problem, and one of the matters the government is facing at this time. Whether or not a bridge of the capacity suggested by the hon. member is capable of being built at this time I cannot say. However, there is a government memorandum which was given to me when we were accumulating, some days ago, information on this problem. In this memorandum it is suggested that the cost of the bridge which would be required to meet the needs of this band on Walpole island, a bridge about 300 feet in length, would be somewhere between $1½ and $2 million. That is a considerable amount of money to spend in an area which we have had described to us as a relatively small one, and containing a relatively small number of people.

There is an argument for this and I am not disputing the validity of it. While I was listening to the hon. member I worked out what it would cost to build this bridge, as compared with what it would cost to build the causeway to Prince Edward Island. My hon. friend will recall that only a few days ago when we were listening to the termination of the Budget debate, the young, new and very able member for Kings (Mr. McQuaid) spoke about some matters concerning Prince Edward Island and the cost of building that causeway. He indicated the cost would be something in the neighbourhood of $1,400 or $1,500 per person living on the island. If you multiply $1,500 by the 1,500 persons in the area served by this bridge, you come out with a cost of $2½ million. So, they are comparable in cost.

I do not think anyone would argue that this is an inordinate cost for a bridge to serve a group of people. I just question whether

funds are available from the federal treasury at this particular time for this service, having regard to what the government has in mind in respect of the improvements on Indian reserves with relation to housing, school facilities, roads and transportation. In this regard I should like to refer the hon. member to page 2801 of *Hansard* of March 17, when the Minister of Northern Affairs and National Resources (Mr. Laing) dealt with his announcement of the reserve improvement program. In this announcement he indicates the government certainly is prepared to give aid in the very direction in which my hon. friend is requesting aid for the Indians of Walpole Island. I should like to read to the hon. member the pertinent paragraphs which I am sure he will find interesting. The minister said:

> I am pleased to inform the house that an extensive Indian reserve improvement program to cost about $112 million in the next five years, will be undertaken. Under the program Indians will receive assistance to provide better housing, safe water supply, sanitation facilities, electrification of homes and improved roads in their communities.

He goes on at page 2802 to say:

> Transportation is of vital importance to provide access to and from reserves, for school children, employment opportunities and economic development. Improved roads on many reserves are a necessity. To this end some $17 million will be spent in co-operation with Indian band councils and other levels of government.

So here we see earmarked, for the very purpose which my hon. friend wishes, a sum of $17 million, already announced in the program of the Minister of Northern Affairs and National Resources.

Now, I wish to allude to a report given to me not long ago when this matter was under study.

Mr. Barnett: May I ask the hon. member a question before he alludes to the report? In the light of the statement he has just made in respect of the Minister of Northern Affairs and National Resources, does he not think we should deal with this matter and enable the governor in council to use discretion in respect of whether or not this would qualify within the ambit of that program, and hope that the government at least would take a look at it, which is what the motion is asking?

Mr. Deachman: I believe we should deal with it, and that is precisely why I am on my feet at this moment.

Mr. Churchill: Are you supporting the resolution, because there are only five minutes left; if you are supporting it, I would like to support it as well.

Mr. Deachman: I certainly have not said anything here this evening that would not be in support of transportation to assist Indians on reserves in Canada, and indeed that is the purpose of my remarks here this evening. I know the hon. gentleman and the Minister of Northern Affairs and National Resources, share with me a desire to see that the transportation facilities on Indian reserves across Canada are improved to enable these people to gain a better livelihood and have better access to municipalities, in order to bring their children to school and to enjoy a better integration into the community than they are now able to have.

It is with this in mind that, as I said a moment ago before the interjection by the hon. member for Comox-Alberni (Mr. Barnett), I wish to refer to a report entitled, "An Economic Survey of the Walpole Island Indian Reserve". This is a co-operative venture by the Walpole Island Indian band and the council of the St. Clair Regional Development Association. It is a very interesting report, and indeed a very able one. One of the things to which it alludes is the difficulties the Indians themselves find in obtaining jobs in or near the community of Wallaceburg where they must seek employment off the island if they are to improve their lot by obtaining employment other than merely agricultural or other casual employment on the island.

The report goes on to suggest that the people of Wallaceburg are not all too favourable toward the matter of employing Indians of Walpole Island. I should like to read the pertinent paragraph in the report, because I think it is of interest and is germane to the question of assisting the Indians in this particular area, so that the use of such a structure and road improvement would indeed be warranted. It says:

> Because of this prejudice not many Indians are employed in Wallaceburg. The greater percentage work in Algonac where pay scales are higher. However, expansion in industry in Wallaceburg and along the Canadian shore might raise Canadian pay scales and may offer better jobs.

• (7:20 p.m.)

Then it refers to frequent complaints about carelessness on the part of Indians who are hired, and it states:

> This carelessness must result from a great lack of interest in a job. It is unfortunate, but reputations such as these are thought to apply to all. Many industries in Wallaceburg have never hired Indians because of this poor image. These industries should be encouraged to hire a few Indians

to remove these prejudices and open the door to further employment.

I certainly appeal to the hon. members for Lambton-Kent and Lambton West to encourage industry in their communities to make use of the Indians and thereby give them the opportunity to improve their standard of living. This would also increase employment possibilities in Wallaceburg for Indians rather than forcing them, perhaps through misunderstanding, to remain on reservations and accept a somewhat lower and more discouraging standard of living.

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

Mr. Deachman: Yes, I will be glad to answer the hon. gentleman's question.

Mr. Churchill: It is my understanding that the mover and seconder of this resolution have the support of the Parliamentary Secretary to the Minister of Northern Affairs. In view of that fact, will the hon. member not now give the house an opportunity to pass the resolution? Otherwise he will be running against the wishes of the government?

Mr. Deachman: I am sure the hon. gentleman would not wish to deny me the right to free speech in this house and to conclude during the few minutes left some of my remarks in respect of this particular subject.

Mr. Churchill: That is hypocrisy on your part.

Mr. Deachman: This is a subject in respect of which all the members from British Columbia as well as those from Ontario have a deep and abiding interest, because we are continually interested in the welfare of the Indian people of this country.

Mr. Churchill: You are opposing the resolution.

Mr. Deachman: It is our desire to improve the lot of the Indian not only by improving his housing situation, as will be done under the proposed improvement plan of the Minister of Northern Affairs and National Resources, but by improving his schooling, sewers and lighting within Indian band communities, and by improved roads and transportation facilities. In this way the Indian, whom we have neglected for so long, may indeed enter into a more satisfying life in the Canadian community. We hope some day that he will be truly represented in this house. That is something that surely is desirable.

May I call it seven o'clock.

The Acting Speaker (Mr. Rinfret): Order. The hour appointed for consideration of private members' business having expired, the house will resume the business which was interrupted at 6.25 p.m.

CANADIAN NATIONAL RAILWAYS

AUTHORIZATION FOR CONSTRUCTION OF LINE IN NORTHWESTERN ONTARIO

Hon. J. W. Pickersgill (Minister of Transport) moved the second reading of Bill No. C-165, respecting the construction of a line of railway in the province of Ontario by Canadian National Railway Company from the vicinity of Amesdale on the Redditt subdivision of the Canadian National Railway in a northwesterly direction for a distance of approximately 68 miles to a point in the vicinity of Bruce lake, in the district of Kenora.

He said: Mr. Speaker, this is, as we sometimes say in the house, a little bill. It is for the purpose of authorizing the Canadian National Railways to build 68 miles of branch line in northwestern Ontario, not far from the Manitoba border, from a place near Redditt, in a northwesterly direction to the vicinity of the Steel Company of Canada's Griffith mine on the west shore of Bruce lake, which is in the district of Kenora.

The estimated cost of this branch line is $11,100,000, averaging $163,234 per mile. In accordance with the usual practice, the bill authorizes the railway to spend that amount for that purpose, and allows an additional 15 per cent, if required, to cover contingencies, with the usual provisions respecting necessary borrowing.

The Griffith mine is to be developed to work extensive deposits of low grade ore suitable for open pit mining, which ore will be extracted, concentrated and then pelletized at the mine site. It is planned that these pellets will be shipped from the mine at a rate of about 1½ million long tons per year. By means of a traffic guarantee contract, conditioned upon the construction of the proposed line, the mine's entire output of pellets would, for an extended period, be assured to the Canadian National Railways for carriage over its own lines either to lakehead transshipment points or an equivalent distance to other destinations. The contract also provides for compensation to the railway in the event that during an initial period the average annual volume of shipments fall below the agreed minimum level.

I have been satisfied accordingly that this proposal, so protected, should improve the net operating position of the Canadian National. It would obviously also make a significant contribution to the productive capacity and the economy of northwestern Ontario and to Canada generally, and would provide regular productive work to about 500 men in this vital industry. I know it is quite wrong to refer to a previous debate, but in this area, where there is a considerable Indian population, I would hope that it could provide some employment for Indians.

Mr. Churchill: May I ask the minister a question at this point?

Mr. Pickersgill: Yes.

Mr. Churchill: Does the minister have the support of the hon. member for Vancouver Quadra (Mr. Deachman), who has just opposed a bill which would provide assistance to the Indians?

Mr. Pickersgill: It is usual to make proposals to the house and then allow the house to decide, after hearing the proposal, whether it intends to support it or not. I must confess I have not asked the hon. member for Vancouver Quadra whether he will support this proposal, but knowing how progressive he is, I feel sure he will give it ardent support.

Mr. Starr: Can the minister tell the house who the developers of this mining property are and whether they are Canadians or of some other nationality?

Mr. Pickersgill: The mine is owned by the Steel Company of Canada and it is to be managed for them by the people who manage the Wabush mine in Labrador, Pickands Mather. It is expected that most of the output of this mine will go to the Steel Company, though naturally it would expect to make the best possible use of the ore and the pellets.

Mr. Starr: Will these pellets be shipped out of the country or processed here in Canada?

Mr. Pickersgill: They will be processed right at the mine, and that is one of the great advantages of this particular project. An open pit mining project would not employ anything like that number of men.

Mr. Starr: What will happen to the pellets; are they to be shipped out of the country for processing?

• (7:30 p.m.)

Mr. Pickersgill: I expect that most of them will go to the Steel Company of Canada's plant at Hamilton. Of course, that company is not going to restrict itself as to where it will sell them. As all hon. members know, over the years the Steel Company has bought a great deal of ore from the Mesabi range in Minnesota. We are now producing more and more of the ore for our steel mills here in Canada, and the provision of this line will provide much more of the same. If there is a surplus for export, I presume it will be exported to the advantage of our balance of payments.

The operator plans to put the mine into operation about the end of next year and desires rail service for that time. If this deadline is to be met, a very early start on the construction of the railway line would be essential, and the management of Canadian National have made representations to me repeatedly, and as recently as this morning, in this regard. I may say that representations were also made to me a day or two ago by the chairman of the board of the Steel Company pointing out that the season is now pretty well advanced, even in northwestern Ontario, and the sooner the contracts can be called for beginning the construction of the line, the sooner it will be possible, of course, to go on with the other capital expenditures.

Mr. Starr: What is the time estimated for the complete construction of the line?

Mr. Pickersgill: If they can make a good start in 1966, they hope to have it completed in the autumn of 1967 so it will be available for use by that time. It is possible that the actual ouput of the mine will not begin to be available for shipment until 1968, but there would be some ingoing traffic—not to the same extent, of course—in order to set up the operation.

I unreservedly commend the bill to the house as being one beneficial to all interests concerned, including the national interest, and deserving of encouragement and support. As long as we assume that the Steel Company is likely to be—and I think most of us feel it is pretty likely to be—a viable and profitable industry, there is absolutely no prospect of any loss by Canadian National, but instead a substantial net addition to its profit position. That will be very welcome indeed, I am sure, not only to the management of Canadian National but to everyone in this house which has to provide for the

contingencies the railway has to meet when its operations are not profitable.

My hon. friend, the Minister without Portfolio, at the resolution stage, said that if the house so desired, this bill would be sent to the standing committee on transportation and communications. I, of course, propose to carry out that undertaking if hon. members feel this is still necessary after the explanation I have given and any answers I give to questions they might wish to put in their speeches on second reading. However, Mr. Speaker, it did seem to me that because of the very simplicity of the bill and the urgency of getting it through both houses, because the railway cannot start its operations until that has been done, perhaps—I did consult my hon. friend for Saint John-Albert (Mr. Bell), who was the one who raised the question the other day—its referral to committee might not be necessary. The hon. member made no commitment, of course, but I would hope that with a view to getting on with this project and not losing any part of this construction season, hon. members would be inclined to proceed with the committee stage right here in the house and send the bill on to the other place.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, may I ask the minister a question on the matter of referring the bill to committee? Has it not been the procedure in the past to allow railway construction to begin and refer the bill to committee later?

Mr. Pickersgill: I think the law is—I know I should hesitate in dealing with the law, (a) not being a lawyer and (b) because it is perhaps in breach of the rules—that Canadian National Railways cannot build one inch more than four miles of railway without the prior approval of parliament. I have suggested to the railway they can take all the steps necessary short of asking for bids. In fact I have told them that I do not think they should even do that, because Canadian National Railways does not want to be in contempt of parliament.

Mr. Bell (Saint John-Albert): With regard to whether this bill should be referred to committee, the procedure, at least for quite a way back in my memory, has been that all these bills have gone to committee. At that time we have the advantage of maps and explanations of the company officials. The minister said there are some problems, in so far as delay is concerned, which have to be considered. Some of us might go along with that suggestion. The Committee on Transport and Communications is busy on some other duties. I also have in mind the fact that the C.N.R., who are involved in this matter, will probably appear before a committee before too long and these questions could be asked at that time, although that time might be too far advanced for our questions to be effective. However, it would give members interested an opportunity to study the geography of the area in question.

I think there is a slight danger here. It is an uncontroversial bill and is perhaps routine, but responsibilities have attached to the construction of new branch lines in the past and we would want to be fully assured that Bill No. C-165 is exactly the same as others of a similar nature which have come before us. I really have not anything too specific to ask. From the minister's statement we have an idea of the plans and the usual guarantees. It might be bad precedent if the C.N.R. were allowed to have bills put through without being referred to committee, because last year for example a bill in connection with the C.P.R. line at Esterhazy, Saskatchewan, was considered in committee for a very long time; it was controversial to the extent that every possible question was asked about this private company and its intentions. Therefore we have to be careful that we do not give a better break, in so far as our responsibilities are concerned, to the government company and allow it to have an easier time, as it were.

I should like to ask the minister how far the work has progressed. I take it from the minister's statement that it has not progressed very far.

Mr. Pickersgill: The work has not been started.

Mr. Bell (Saint John-Albert): Then, Mr. Speaker, subject to one or two questions that might arise later when we deal with the bill in committee of the whole house, I am satisfied that this bill be given second reading.

Mr. Norman Fawcett (Nickel Belt): Mr. Speaker, I wish to say only a few words on this subject. As a former member of the Canadian National Railways family I am happy to see that Canadian National are again pioneering in going into this area. I should also like to say that, having been a long time resident in northern Ontario, I am happy to see the railway opening up another section of this part of the province. I shall not get into any of the technicalities that

have been suggested with regard to the disposition of this bill, but as far as I am concerned I am very happy to see this development taking place.

• (7:40 p.m.)

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, I do not intend to take very much time of the house, but I do want to draw the attention of both the government and the house to the need for public safety in connection with just such legislation as envisaged by Bill No. C-165. During our history as a confederation we have granted charters to various railway companies which, as hon. members know, have built railways from one end of Canada to the other, often resulting in great duplication. This year of all years the house has been discussing to a great extent railway abandonment, which ties in with railway building.

I should just like to say a few words about public safety and the need for railway crossing safety devices in the case of every new railway built. I have with me a communication which emanated from Picton, which is situated in Prince Edward county in my riding, pointing up the need for this cognizance of public safety on the part of members of this house. The letter concerns a railway built some time ago as an extension to an existing railway in my constituency for the purpose of drawing iron ore.

The communication reads as follows:

> Once again the ore route from Marmora to Picton has claimed the life of one of our citizens, on one of the level crossings constructed relatively a very few years ago.
>
> At the very time the railways across the country were being forced to eliminate the hazard of level crossings because of ever-increasing motor traffic, this ore service was allowed to maintain and construct any number of these crossings with insignificant markers and with no warning lights or signals. The resultant tragedies, including the one this past week, shock us year after year, and the loss of our citizens is a severe blow to the community. Many others have narrowly missed a similar accident, including one of our local businessmen.
>
> Totally aside from the grief occasioned the families of these unfortunate citizens, the paramount consideration, we can but wonder which is the most valuable to our communities, the life and productivity of these citizens over a lifetime, or extra dollars in the immediate balance sheets of the railways. If millions can be spent to speed rail traffic, why cannot expenditures be made at the same time, to safeguard crossings for the motoring public.
>
> The demand for additional safeguards on this ore route—

I add to this, Mr. Speaker, "on all railways in Canada".

> —calls for the support of every local organization and municipal body.

[Mr. Fawcett.]

And I add to that, Mr. Speaker, "calls for the support of this parliament as well to take the leadership in this cause".

> To date it has been the motorcar that has been struck; tomorrow it may be a loaded bus.
>
> The time has come for every level crossing in this or any other community to afford the protection of signal lights and semaphores.

I admonish the government to see that this 68 miles of railway is protected at every crossing with modern, bona fide, tested devices which will protect human life.

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

Clause 1 agreed to.

On clause 2—*Competitive bids or tenders.*

Mr. Bell (Saint John-Albert): Mr. Chairman, may I ask whether the minister gave any information in his statement about the date it is expected to start the operation of carrying the ore?

Mr. Pickersgill: Mr. Chairman, if the committee will agree, my hon. friend the Minister without Portfolio has informed himself particularly about this bill. If he could answer these factual questions I will deal with the political ones, if there are any.

Mr. Bell (Saint John-Albert): In that connection, Mr. Chairman, I think I can say we would not mind hearing from the junior minister of transport. May I say that due to some transportation difficulties which some members of this parliament had yesterday the hon. member is beginning to learn very quickly about transportation problems in Canada.

Mr. Turner: I just want to say, Mr. Chairman, that it was a very pleasant lunch for both the hon. member for Saint John-Albert and the hon. member for Winnipeg South Centre yesterday when we were diverted because of fog.

In answer to the hon. member's question, the company hopes to get into full production in the spring or the beginning of 1968. Therefore, construction of the line should be finished by the end of 1967. If that is to be done, the grading and other work must start this summer, virtually immediately.

Mr. Starr: What will be the anticipated profit annually from this railway?

Mr. Turner: The railway expects to make—I do not want to betray its competitive position—well in the neighbourhood of $1 million from this particular line.

Mr. Starr: Per year?

Mr. Turner: Per year.

Mr. Starr: Over and above the cost of construction?

Mr. Turner: The cost of construction will have to be depreciated in the normal way; but the depreciation will be amortized over a period of time.

Mr. Bell (Saint John-Albert): The minister's mention of its competitive position leads me to ask another question. I am not familiar with the situation and do not know whether the C.P.R. was at all a factor in the negotiations. Were they included in any negotiations, or are they so removed from the area that they were not even considered?

Mr. Pickersgill: I know that area pretty well—

Mr. Starr: Is this a political answer?

Mr. Pickersgill: Perhaps it is in the second category of answer. The two railways are about 20 miles apart, and as the proposed branch railway runs north from the Canadian National there would be no interest whatever on the part of the Steel Company in having to pay freight on at least an extra 20 miles through rather rough country, where I timber cruised at one time. The hon. member for Winnipeg South Centre also knows the area very well.

At the same time, Mr. Chairman, I might assure the hon. member for Prince Edward-Lennox that I do not think the problem of level crossings will be very troublesome in that area. Because if the railway crosses one road it is not likely to cross two.

• (7:50 p.m.)

Mr. Alkenbrack: Knowing that part of the country myself fairly well I did realize, Mr. Chairman, that there would not be many railway crossings, but I was asked to point this out in general to the government. I am sure the minister will agree that if there are crossings they should be protected, and at the cost of the railway, not of the municipalities. This has been a municipal expense ever since charters have been granted. I contend from now on, that no new lines should be built without the safety devices being built in at the cost of the railway itself.

Mr. Pickersgill: With the objectives the hon. gentleman has in mind, of course as Minister of Transport I have the greatest possible sympathy.

Clause agreed to.

Clauses 3 to 7 inclusive agreed to.

On clause 8—*Report to parliament.*

Mr. Bell (Saint John-Albert): Mr. Chairman, in speaking on clause 8, I am not particularly speaking about this bill itself. I wonder if the minister perhaps when this comes before the committee, could see that a list is prepared of all new branch lines which have been constructed within the last ten or 20 years. With that list could there be some details of the financial success or otherwise that those lines have enjoyed, to give us some over-all insight into the over-all transportation problems that we shall have to deal with this year?

Mr. Pickersgill: I think it is a very good idea, sir. In fact, I shall ask the railway to do that for the whole period since the end of the war.

Clause agreed to.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Mr. Pickersgill: Before passing to the next item of business, may I just express my appreciation to hon. members for the co-operation which has been received?

Mr. Bell (Saint John-Albert): The minister did such a good job with this bill that I think we should bring him back as house leader.

FISHERIES

PROVISION FOR DEVELOPMENT OF COMMERCIAL FISHERIES

The house resumed from Friday, March 18, consideration in committee of Bill No. C-145, to provide for the development of the commercial fisheries of Canada—Mr. Robichaud—Mr. Batten in the chair.

Mr. Starr: On a point of order, Mr. Chairman. I think that the business to be undertaken at this time, in the order it was to be taken up, would bring us to item 15 on the order paper, being second reading of the act to provide for the establishment of the Science Council of Canada.

Mr. Pickersgill: I believe, sir, that was one of the items indicated on Friday last.

Mr. Starr: The order of business was indicated.

Mr. Pickersgill: I wonder, in view of the fact that the minister was not able to be here today, if we could not go on with the fisheries bill, and the export and import bill which my hon. friend the Minister of Trade and Commerce is prepared to proceed with.

Mr. Churchill: But our men are not here.

Mr. Pickersgill: Could we perhaps take the export and import bill next, on which I know the hon. member for Winnipeg South Centre is more competent to speak than any member on the other side of the house.

Mr. Churchill: How did I know it was coming up now?

Mr. Knowles: You did not go too far away.

Mr. Churchill: Mr. Chairman, we came prepared to take up the items that were listed on April 22. Why could we not now go ahead with the Science Council and with the Research Council?

Mr. Pickersgill: It was never anticipated by the government that we would make such wonderful progress as we have made today.

Mr. Starr: Why not?

Mr. Pickersgill: We thank you for your co-operation. My hon. friend the Minister of Industry is away on business, and he is the one who ought to be dealing with some of it.

Mr. Starr: Anybody else can do it.

Mr. Pickersgill: I think we should not make very good progress without having the minister present. If it is not convenient to go ahead with the fisheries bill in committee, for the convenience of the opposition we should be willing to take anything for which a minister is available. We should particularly like to go ahead with the export and import bill, because of its very great importance, and because of certain of its international aspects. That is No. 46 on today's order paper.

Mr. Starr: Mr. Chairman, the government house leader on Friday last set out the items that we were to consider. Consequently the opposition has prepared itself to consider items of business in that order.

[Mr. Starr.]

This afternoon shows another indication of the tremendous disorganization with which this government conducts its business from day to day. The house leader specifies the business one day, and then when that business is to come up no minister is on hand to take up that matter. The government should not try to juggle the order paper because it is not fair to the opposition.

The Minister of Transport now suggests an item that was not even listed by the house leader. We are certainly not prepared to go ahead, just because the minister happens to be prepared. It was not to have come up in this order. The work of the house has been set out by the government house leader.

Mr. Pickersgill: Of course the government is quite prepared to go ahead with the fisheries bill, which was one of the items listed. If that would suit the opposition perhaps we could proceed with it right away.

Mr. Churchill: Someone had better get the hon. member for Queens-Lunenburg.

The Chairman: When the committee rose on March 18, last, the committee was about to consider clause 2 of the bill. Shall the clause carry?

Mr. Robichaud: Mr. Chairman, perhaps at this time I should deal briefly with some of the matters raised during the discussion at the introduction stage of the bill, which is to provide for the development of the commercial fisheries of Canada. Matters mentioned by hon. members overlapped, to some degree. If hon. members will bear with me I am sure that I can cover all matters which have been raised.

• (8:00 p.m.)

Through this legislation we plan to bring several of the current development activities of the Department of Fisheries under one act. We want a more dynamic development program brought to bear on the fishing industry through the introduction of the latest developments in mechanization and the most efficient use of our fishery resources.

This bill provides for the exploration and development of known and entirely new fishery resources; for the introduction and demonstration to fishermen of new and improved types of vessels, equipment and fishing techniques, for the development of new fish products and for the improvement of product handling, processing and distribution.

This legislation also paves the way for regulations to enable assistance for the construction, equipping or modification of commercial cold storages and bait freezing facilities. The legislation is flexible and allows for a variety of action programs on a broad front. The federal-provincial fisheries conference held just over two years ago provided the initiative leading to the introduction of this bill.

During discussion of this bill, it was asked if it was proposed to introduce a new program which could be compared in any way with ARDA. Let me say that this legislation is companion to that of ARDA. My department will continue its close collaboration with ARDA in rural development where fisheries play a part in the economy of the areas concerned, and through the introduction of complementary programs provide for the kind of assistance to fishermen which will enable them to pass through a transitional period into a more highly mechanized operation.

Among other matters raised during discussion was the application of technology to the industry, the maintenance of strict fish inspection, programs to assist small fishing villages with freezer facilities, and the provision of a measure to improve the lot of fishermen. Let me say that the provision of measures to improve the lot of fishermen is the whole basis for this legislation, and is its primary objective. These needs are all provided for.

It is recognized that the gradual centralization of the fishing industry and the building of boats with greater draft will call for extensive dredging operations and new shore facilities, and I wish to state that in this area there will continue to be an active association between the Minister of Public Works and myself. This of course is applicable to both coastal and inland areas.

Reference has been made to the staggering tonnage of fish which is being wasted at sea, and the need for utilization of these species. The problem of the utilization of fish wasted is now being studied with a view to maximum utilization of all species. On the Pacific coast, as I have already said, we are encouraging the increased utilization of the offshore groundfish resource and are exploring ways and means of making use of hitherto unused species, such as dogfish. Similar action is being taken on the Atlantic coast.

The federal-provincial cost-sharing arrangements in the next fiscal year cover a wide range of development projects and this program is larger each year. In addition, the department and its scientific agency, the Fisheries Research Board, are bearing the full cost of many development projects, and here of course we include resource research projects. These projects include vessel development, the acquisition and testing of electronic devices, the expansion of herring and mackerel shark fishing in the Atlantic and Gulf of St. Lawrence, the continuation of off-shore lobster studies and the eel survey in the Atlantic, as well as the exploration of the promising off-shore groundfish resources of the Pacific.

Several provinces have indicated their desire to take part in bringing about a rapid expansion of the industry by sharing in the cost of experimental fishing for crab, scallop, herring, shrimp, eel and smelt, and the testing of light attraction systems for catching fish; fish detection by helicopter and electrical trawl fishing to mention a few. The list of federal-provincial combined participation projects on the Atlantic coast is lengthy, and as I have already mentioned includes considerable vessel and gear development and testing in a variety of fishing operations.

We are making technical assistance available to fishermen right across the country on a relatively large scale. It has been stated in this house that not enough attention is being given to the inland fisheries. I should like to point out that since I took office separate federal-provincial fisheries committees have been set up for both British Columbia and the prairie provinces. These groups meet to work out appropriate programs of fisheries development for these areas. They are not only concerned with the commercial fisheries but with sports fishing as well, and are doing excellent work in focussing attention on actions which should be taken for the betterment of the fisheries as a whole. There are, of course, similar committees for Ontario and the Atlantic coast provinces.

Increased effort is being placed on studies of the ocean floor and the effect of ocean currents on fish populations. The Fisheries Research Board has active programs of oceanographic research on both the Pacific and Atlantic oceans and has recently embarked on comprehensive studies in the Atlantic ocean, based at the Bedford Institute of Oceanography at Dartmouth, Nova Scotia. Research is to be conducted on pelagic and bottom fishes, their food and the interplay of

the physical and chemical oceanographic factors, with a view to improved methods of finding and catching fish.

To discover the secrets of the oceans, the development of highly sophisticated instruments is required and recruitment of highly skilled specialists is under way in the Halifax-Dartmouth area. We are keenly aware of the need to train specialists in fisheries research and in 1966-67 a program is being initiated whereby grants will be awarded to appropriate university departments and staff, specifically to encourage research into the marine and aquatic sciences, and to develop trained fisheries scientists by supporting graduate students. A limited budget will restrict award of these grants in the initial year, but requests for assistance received to date indicate both wide appreciation of this scheme and the need for a considerable increase in future financial support.

Although the management of fish in inland waters is, in some provinces, under provincial administration, the Fisheries Research Board in expanding research on the fresh water fishes of Canada with the development of its new fresh water institute in Winnipeg. It is hoped from these broadly based studies that principles will be developed of importance to fish farming techniques and the management of fresh water fish stocks. Continuing research is also being directed to the possibilities of farming marine and anadromous species.

• (8:10 p.m.)

The needs for fisheries research in all areas of Canada are being actively reviewed with a view to meeting our responsibilities. We are acutely aware of the competing needs for increasing research in all parts of Canada, within the limits of manpower and financial resources available to us.

It is difficult to envisage what order of expenditure will be necessary to carry through the fisheries development activities by the federal government over the years. I should like to assure my hon. friends, however, that this will be reflected in the estimates of my department from year to year, and will be adequate to meet the needs of an expanding industry and of the research and development activities necessary to bring about a better livelihood for Canadian fishermen everywhere.

As I have mentioned on a previous occasion, the estimates of my department, which totalled $23 million in 1963, exceed $40 million for the present year.

[Mr. Robichaud.]

Due to representations which have been made to me since the introduction of the bill I shall have certain amendments to propose during our discussion of it. The main amendment will affect clause 3 of the bill.

Mr. Bell (Saint John-Albert): Mr. Chairman, the minister has given us a comprehensive statement on his interests and intentions with respect to this legislation. It is very revolutionary at first glance, and certainly one gets an idea of its scope when he sees the powers given to the governor in council under clause 5. However, I rise this evening briefly to interest the minister and the committee in a subject that he will remember was a favourite of mine some time ago.

Studies have been conducted into many species of fish, both commercial and otherwise, with one notable exception, perhaps because of the fact that on the east coast it has not got as great commercial value as other species, and has given rise to different interests in different areas. I refer to the Atlantic salmon, and I hasten to add that it pleased me to hear the minister mention that this new legislation will deal with it from a sport standpoint. East coast salmon have both a sporting and commercial interest, and I would like to see a massive research program conducted into Atlantic salmon from both these standpoints.

It is true that surveys have been conducted on particular rivers. We have examined the pollution problem on some rivers, perhaps not as extensively as it should have been done, and we also investigated the effect on salmon of dams and things like that. I shall not go into all that, but we in the east know the great value of the Atlantic salmon. We are proud of it. Saint John harbour salmon is the finest eating fish in the country, and testimony was paid to that effect no later than yesterday by the junior minister of transport. He gave that testimony in public and there were many witnesses to it. I only hope that if he ever goes to the west coast he will not be ashamed to say that the Saint John harbour salmon is the finest of them all.

We all know the great interest taken in Atlantic salmon from the angling standpoint. The Minister of Trade and Commerce is present and I know he goes to private camps on the Restigouche and the Miramichi to catch those salmon. We have all seen pictures of the salmon being caught in the rivers of

New Brunswick, Nova Scotia and Newfoundland, and I take this opportunity to put in my plea on behalf of Atlantic salmon.

We extend to the minister our good will on this legislation, which is comprehensive. It is something that seems to be needed, but we will have many detailed questions to ask about it. Again I ask the minister to consider holding an extensive study into every aspect of Atlantic salmon, a species which has largely been forgotten in the modern world, but one unsurpassed in world fishing.

Mr. Robichaud: Mr. Chairman, may I briefly reply to the hon. member. I am sure he is aware that in connection with the Mactaquac project on the Saint John river there will be undertaken the largest, full-scale program of salmon research in the country. The proposed hatchery will be unique of its kind on this continent and will probably be administered by the department's fishery research board. It is likely that it will be the largest undertaking of its kind on this continent to deal with salmon research.

Mr. Bell (Saint John-Albert): I thank the minister for his remarks. I know the hon. member for Victoria-Carleton has more knowledge than I on this matter, but in spite of the scope of this project many who live on the upper reaches of the Saint John are pessimistic about the effects of the project. It is already known that Beechwood itself has already had tremendous effects, and no matter how dams are cleaned they have not helped. However, I hope the project the minister has mentioned will be successful.

Mr. Barnett: Mr. Chairman, I am beginning to suspect that the hon. member for Saint John-Albert is trying to provoke a debate. I would be quite content to hear him and the minister argue about which stream in New Brunswick produces the best New Brunswick salmon, but when the hon. member starts to talk about some piddling little fish down in Saint John harbour being the best fish in the country, he is taking in a lot of territory, and one could take those as fighting words. However, Mr. Chairman, I am not sure how far you would allow such a battle to rage before suggesting it did not deal with the legislation before us.

I shall discuss the question with the hon. member at some time and place, and content myself now with the suggestion that one of these days he visit the coast of B.C., particularly my constituency, and treat himself to the pleasure of some real salmon.

However, I would not want any of these remarks to be taken as suggesting that as a member of parliament I am not willing to lend my support to any measures sponsored by the department to improve the quality and abundance of Atlantic salmon, because we all recognize the value of salmon to our fishery, be it on the east or west coast.

• (8:20 p.m.)

I believe, Mr. Chairman, the bill which we are considering now is perhaps the most specific item, at least so far as consideration in this house is concerned, that we have had since the federal-provincial fisheries conference of a year ago last January. Certainly I am quite sure all members of the house welcome the advent of this bill as a concrete indication of a forward move, in the direction that was plotted at least in a preliminary way at that conference so far as fisheries development is concerned. I am inclined, of course, to wait to see how this bill works out in operation before giving it undivided praise. In saying that, I think it is clear it is a bill which depends in large measure for its success in practice upon some measure of co-operation with the provincial authorities of the various provinces of Canada which have a commercial fishery resource which can be exploited and developed.

I feel it is a little complicated, perhaps, that we are considering this bill in the house at the same time we have before the Standing Committee on Fisheries the estimates of the minister's department for the current year. There may be some advantages, however, in that. Certainly one of the questions I should like to ask the minister, now that this bill is before us, and to which he might give some reply before we go out of committee, is one which I might have asked at the hearings of the standing committee, when the estimates are before it. I note that in the current year's estimates there is an item of programs and projects shared by the provinces, in the amount of $1,130,000, which represents a substantial increase from the total under the similar heading of last year.

One of the questions I would like to have answered is whether or not the passage of this bill will result in increased amounts in shared-cost programs with the provinces over those which are provided for in the estimates now are under consideration. I think that is a question the answer to which would give us some indication of the significance and scope of the program envisaged through introduction of this bill. I assume the amounts

proposed in the estimates of the current fiscal year are amounts developed on the basis of programs certainly prior to the time the bill was introduced in the house, and possibly prior to the time when the decision was made by the government to have it introduced at this session. I ask that question because, as I say, I feel it is significant from the point of view of giving us some idea concerning what expansion is envisaged in the program of fishery development as between the federal government and the provinces or as between the federal government and other agencies which may be involved in fishery development as a result of the proposals in this bill.

I should like to say, Mr. Chairman, that in this particular connection I naturally am concerned about the role the government of the province of British Columbia—the province from which I come—is going to play in the proposals outlined in this bill. Both inside and outside the house I previously have pointed out that at the federal-provincial fisheries conference, if my recollection serves me correctly, the province of British Columbia was the only one not represented at the ministerial level. In view of the relative importance of the fishery in British Columbia I felt this perhaps was rather unfortunate, and that on the surface at least it indicated some lack of interest and concern on the part of the government of British Columbia in the economic future of British Columbia's fishery.

I am aware that since that time a special report on fishery matters was prepared under the auspices of the government of British Columbia and submitted to a special committee on fisheries at the last session of the British Columbia legislature. This report which was prepared by Mr. McMynn, who now is on the staff of the Department of Recreation and Conservation of British Columbia, gives a comprehensive review of the fisheries situation in British Columbia. I think it underlines some of the apparent lack of interest, however. I am going to make a brief reference, if I may, to the report submitted by Mr. McMynn to the legislative committee. In part he has this to say:

> A general conclusion which seems apparent from the above concerns the present and future role of the province in the commercial fisheries of British Columbia. Until 1957 the British Columbia Department of Fisheries provided a diversified and important service to the industry. Today, the commercial fisheries branch serves mainly as a licensing agency. The deputy minister of the Department of Fisheries formerly exerted considerable influence on matters of vital concern to the fishing industry. He was recognized as the provincial government spokesman and adviser on fishing matters. In this position he facilitated a close and effective working liaison between the federal Department of Fisheries, the provincial Department of Fisheries, and the several provincial departments and international agencies associated with commercial and sport fisheries.
>
> Since 1957 the important function of government-industry liaison has decreased. There is no longer a provincial Department of Fisheries, and consequently the province has little administrative or jurisdictional involvement in the management of her marine fisheries. Notwithstanding the foregoing, British Columbia should ensure that future exploitation of its fisheries is in the provincial interest. To do so will require greater provincial participation, particularly in view of rapidly increasing demands upon the fisheries resource by commercial and sport fishermen and by competing water users.

I hope that the submission of this report and the consideration given to it by the legislative committee in British Columbia perhaps will be a milestone in the sense of restoring at least the level of interest in the commercial and sport fishery which formerly was held by the government of British Columbia. Indeed I would go further and say that if the purposes of this bill are to be met, at least so far as British Columbia is concerned, the provincial authority is going to have to proceed much further than it ever has in the past in respect of the kind of interest it takes in the commercial fishery.

I know the minister made reference to the federal-provincial fisheries committee and I hope perhaps he might give us some indication of the type of work this committee now has in hand in relation to the existing situation so far as the operation of the government of British Columbia is concerned. I might say also, Mr. Chairman, I am a little concerned in my own mind with regard to what the immediate result of the passage of this bill may be in British Columbia, because of some of the references in the report made by the special fisheries committee to the legislature. They recommend that a provincial ministry of fisheries be reinstituted as part of the government of British Columbia and that there be provincial participation on the federal fisheries board and at federal conferences. However, they make this somewhat contingent upon a clarification of the jurisdictional situation as between the federal and provincial governments. They suggest it is only if the government of British Columbia is given greater jurisdiction that increased provincial participation should take place.

We all know that when it comes to the bringing forward of any formal proposal in

any jurisdiction, whether it be a proposal such as the Fulton-Favreau formula, or others, involving constitutional revision, a situation develops which necessarily involves a good deal of time. In the context of the crisis in the fishing industry of British Columbia, in my view there might be a disastrous delay in taking full advantage of the proposals set forth in this bill, especially on the Pacific coast of Canada.

I feel that this is a situation which the house should be aware of as we consider this bill. I have heard the Premier of British Columbia make remarks from time to time about what a great Canadian he is, and how he is all for national unity and development. I must say that when it comes down to the practicality of a situation I am from time to time deeply disturbed by the very independent parochialism of attitude that is manifested in certain government quarters within the province from which I come. I hope the government of British Columbia, in the light of the introduction of this bill, will be prepared to take a much more practical approach to this question of fisheries development, and participation in such programs as the federal government is prepared to put forward for consideration jointly than has been indicated by the report of the committee. That report seems to me to take a rather technical and restrictive attitude as far as getting on with the job of expanding our commercial fisheries in British Columbia is concerned.

As we get into a consideration of the clauses of the bill, I may have some other remarks to make and questions to raise. I noted the remarks of the minister about the inter-relationship between this bill and the ARDA program. I was interested to hear his remarks in view of some questions I asked the Minister of Forestry not too long ago, when we were considering some changes to the operation of ARDA. In view of the fact that in practice ARDA has been participating in certain fisheries development projects, at least on the Atlantic coast of Canada, I expressed some concern that there might be overlapping with possible inefficiency in the operation of these two programs. I was glad to receive the assurance of the Minister of Fisheries, as indeed I received the assurance of the Minister of Forestry, that it is the desire in respect of these programs that they be integrated rather than operated as a duplication of effort.

With those remarks, Mr. Chairman, I would be glad to hear what other members of the committee may have to say during this discussion.

• (8:30 p.m.)

[*Translation*]

Mr. Caouette: Mr. Chairman, after hearing the remarks made by the hon. member who has just resumed his seat, I would like to know what the minister intends to do about sections 3 and 4 dealing with federal-provincial relations in the field of Canadian fisheries.

The hon. member who has just resumed his seat was talking about British Columbia. Fisheries also present problems in the province of Quebec. We also have at the provincial level a Department of Fisheries.

Now, in Bill C-145, we read in section 3:

(1) The minister may undertake projects, (a) for the more efficient exploitation of fishery resources and for the exploration for and development of new fishery resources and new fisheries; (b) for the introduction and demonstration to fishermen of new types of fishing vessels and fishing equipment and of new fishing techniques; and (c) for the development of new fishery products and for the improvement of the handling, processing and distribution of fishery products.

Subsection 2 reads as follows:

The minister may enter into an agreement with any province providing for the undertaking jointly with the government of the province or any agency thereof of any project that the minister is authorized to undertake under subsection (1).

Well, Mr. Chairman, the present leaders of the province of Quebec state that joint programs no longer interest them. It remains to be determined what role the Minister of Fisheries of Canada can play with the Minister of Fisheries of the province of Quebec. I do not think that the federal minister can dictate anything to the province of Quebec. Besides, subsection 3 of the bill clearly stipulates that:

The minister may, with the approval of the governor in council, enter into an agreement with any province providing for the payment to the province of contributions in respect of the cost of any project that is undertaken by the government of the province or any agency thereof and that the minister is authorized to undertake under subsection (1).

• (8:40 p.m.)

But the province states that it does not need the minister. Now, under the circumstances, what is the value of Bill C-145 when a province decides to act on its own, outside joint programs, without the authorization or even the suggestions of the federal Minister of Fisheries?

Section 3, subsection 4, reads as follows:

For the purpose of assisting the formulation and assessment of fisheries development projects, the minister may undertake economic studies alone or jointly with the government of any province or agency thereof or with any university—

Under these circumstances, can the hon. minister undertake development projects with a university without the agreement of the province, or the agreement of the province of Quebec? I wonder. That is questionable.

And I read on:

—with any university, educational institution or person—

The minister:

—may co-ordinate such studies with similar studies undertaken in Canada.

The hon. minister has to face certain problems in the provincial sphere, whether it is in Quebec or in British Columbia. He may not have similar problems in the Maritimes, where he comes from, for in those provinces, the role the federal government plays in fisheries administration has yet to be determined.

Mr. Chairman, I feel the matter is quite clear in British Columbia just as it is in the province of Quebec.

Here is what we find in section 4 of Bill C-145:

The minister shall, in carrying out any project or economic study under this act, make use, wherever possible, of the services and facilities of other departments of the government of Canada or of any agencies thereof.

Now, we find that the minister "shall make use of the services and facilities of other departments of the government of Canada" to decide upon the policy to be followed, not only in one province but in Canada as a whole, as regards Canadian fisheries.

Now, Mr. Chairman, we have a Minister of Game and Fish in the province of Quebec. Other provinces also have one. I noticed a while ago that one hon. member was adopting a definite stand in favour of his province.

It is not so much that I want to take sides for the province of Quebec, but I wonder what the Minister of Fisheries of Canada has decided to do about the province of Quebec, even about any province whatsoever.

I understand that it is stipulated that the minister must get information, ask for co-operation or make suggestions.

Mr. Robichaud: Mr. Chairman, to save a little time, the hon. member might allow me to clear up the matter he has just raised; I could give him the answer immediately, thus allowing the debate to proceed.

First of all, and the hon. member may not be aware of it, there is no Minister of Fisheries in the province of Quebec; there is a Minister of Industry, who looks after the commercial fisheries of the province of Quebec.

Mr. Caouette: The Minister of Game and Fish.

Mr. Robichaud: That does not exist any longer, it comes under the Minister of Industry, but relations between the Quebec government and the federal government are very favourable. We have had for a few years a federal-provincial committee on fisheries; we meet with the Quebec representative several times a year. We have joint projects on fisheries, research, demonstrations of new fishing methods, in the province of Quebec as well as in the other provinces; we also have some with the industries; in fact, we have some with the United Fishermen of Quebec. We have joint projects under which we make grants. We co-operate in the field of research with the universities of Quebec, whether it is Laval University or the University of Montreal.

I can assure the hon. member that our relations with Quebec are very favourable.

Mr. Caouette: Mr. Chairman, we are not trying here to establish if the relations between the minister and the province of Quebec are very favourable; we are trying to establish whether or not the province of Quebec advised the Minister of Fisheries, as any crown minister of Canada, that from now on the joint programs will no longer be accepted, that the joint programs dictated or organized by the government of Ottawa will no longer be welcome in Quebec, that the Lesage government wants to assume its own responsibilities without the intervention of the ministers in Ottawa.

The Minister of Fisheries must be aware of that.

There is currently an election campaign going on in Quebec and these allegations are being used to prove that the Ottawa government has no say in Quebec. The friends of the Minister of Fisheries are saying that. I did not make it up. I am not sounding the alarm in Quebec, the friends of the Minister of Fisheries are.

When my good friend the Minister of Fisheries claims there is no longer a Minister of Game and Fish in Quebec, my honourable friend knows quite well that Hon. G. D. Levesque is still there, and is particularly involved in questions of fish and game. To my knowledge, he has not yet asked the Canadian Minister of Fisheries if the latter was ready to agree to a joint program.

Mr. Chairman, this is to say that Bill C-145 is quite untimely in the circumstances. It is not even, as the hon. member for a British Columbia riding said a moment ago, suitable to conditions in British Columbia. It may be suitable to New Brunswick, though I am not sure; but one thing is certain, the bill on fisheries is not suitable to present needs in the province of Quebec.

The minister knows the Gaspé Peninsula as well as I do. We have fishermen there, professional fishermen who have been fishing for years and, even today, face an alarming problem, not as far as learning to fish is concerned but how to put fish products on the market.

The minister offers no solution in Bill C-145. He says that he is ready to study everything concerning fishermen in general. But, he offers no solution at all.

Will fishermen be better off after the passing of this bill? The minister can answer: yes, definitely.

The minister has been looking after fisheries for the past three years. Has the lot of the Canadian fishermen improved since he took over this department? I see the minister shaking his head meaning yes and no. He knows that conditions of Canadian fishermen have not improved and will not be improved under Bill C-145.

I do not intend to prolong the debate. The bill introduced by the minister contains no solution to help the Canadian fishermen of his constituency.

The minister tells us: We are going to co-operate with the universities, the students, the provincial government. Why not with the Ladies of St. Anne and the Children of Mary, in order to try and find a solution? He knows well that his bill is not the answer. We need something else besides that, we need a market so that our fishermen might sell their products; we need domestic and international markets.

Then, our fishermen will be able to establish a distinction between categories (a), (b), (c) or (d) in their fish production. The minister knows that the fishermen do not need a lawyer, a notary or the minister to tell them how to fish. However, they need a market so that they may dispose of their products in order to live decently. That is what the fishermen need all across Canada.

An hon. Member: He should know.

Mr. Caouette: Certainly, he should know.

• (8:50 p.m.)

[*English*]

Mr. Howard: Mr. Chairman, when the minister introduced the bill on second reading he used words to the effect that there was not very much new contained in the bill, but that it merely consolidated in statute form those things which had previously been done by appropriation or by specific items in the estimates; that it combined and put into one law where all could see the procedures and systems which would be a guide for the future.

However, there is one new venture in a sense, and that has to do with giving to the Department of Fisheries some determination as to cold storage facilities. I want to extend my congratulations to the minister for finally taking the lead that those of us in the C.C.F. propounded during the time the Conservatives were in office.

Mr. Caouette: You have changed now.

Mr. Howard: My hon. friend from Villeneuve says we have changed. We changed the name, but we did not do so in a situation which was as terrible as when he changed.

Mr. Caouette: What about the Social Credit party?

Mr. Howard: My hon. friend wants to talk about Social Credit. I will take him up on that in a moment and tell him something about what happened in my own province under Social Credit.

Mr. Caouette: That is a different matter.

Mr. Howard: My hon. friend says that is a different matter. Mr. Chairman, would you like to protect me a little from the hon. member for Villeneuve?

The Chairman: Order, please. May I remind the hon. member for Skeena and the hon. member for Villeneuve that we have before us clause 2 of the bill.

Mr. Howard: I was proceeding to that clause, Mr. Chairman, pointing out that during the time the Conservatives were in office

they decided to discontinue the payment of subventions under the Cold Storage Act because of the fact that prior to 1957 a few friends in the Liberal party had made a gold mine out of continuing subventions under the Cold Storage Act and borrowings from the Industrial Development Bank. Consequently the Tories saw fit to limit the payment of subventions.

We protested at that time because the matter came under the Department of Agriculture. We said there should be a separate determination of all fisheries products cold storage warehouses and that they should be divorced from the department of Agriculture; and I commend the minister for taking heed of our words uttered at that time.

I am inclined to think that the bill should be expanded—I hope this is one of the amendments the minister has in mind when we reach the appropriate clause—so that payments or subventions, as they might otherwise be called, under clause 5 might also be made to fisheries products processing plants as well as to cold storages.

We recently had a situation on the Queen Charlotte Islands where the only fish cannery on the islands was on the verge of going under, owing to a series of events over the last number of years, most of them difficulties over which the company had no control but which emanated from the fishery itself. We saw a situation there where that plant was maintained in operation only by the workers themselves putting in a subsidy by way of taking a lower price for the fish they caught than would normally be the case on that coast. This would have been a prime case in point for payments under a bill of this sort.

If the minister will later on move an amendment to that clause to provide for payments to processing plants, he will be taking another step in the direction of properly and fully giving all the assistance available in order to develop and preserve the fishing industry in the province of British Columbia, as well as that in the provinces along the other coast. I merely mentioned British Columbia because that is the province from which I come and the one with which I am most familiar.

It is regrettable that my own provincial government has not only not seen fit to interest itself so far in participating with the federal government in the development of our fisheries, but it is also regrettable to note that the provincial government in office now, that of Social Credit, is the one that destroyed the department of fisheries we used to have in 1957 and, in effect, thumbed its nose at the problems of the fishing industry in that province. It is a sad event, when the great bulk of the income in our province comes from the fishing industry, to see a government in effect ignoring the entire industry and the difficulties with which it is faced.

However, Mr. Chairman, this should not be used—and we have said this before—by the federal government as an excuse not to step into the field and to do all it can to promote the fishing industry in that province. Merely because there is a reluctance or an inability or a lack of concern on the part of Premier Bennett and others in this regard, should not deter the federal government from exhibiting a larger degree of interest than has been the case up till now.

The minister mentioned that under this bill we may be able to assist the groundfish industry which has advanced into the market in the last year or so. The minister also mentioned that under this legislation we might be able to deal adequately with the problem which exists in relation to dogfish which, up until now, with one or two slight exceptions, has not been a commercially marketable fish, although the livers have been fished for and for which at one time there were subsidies paid.

Development of these new fisheries and other new fisheries which exist on the coast and which heretofore have not been exploited to any marked degree will depend upon the extent to which we can market these products. In this regard it is interesting to note that the royal commission on price spreads of food products, which was appointed and reported during the time the Conservative government was in office, made some recommendations with respect to the marketing of fish, recommendations which so far have been ignored both by the Conservatives and by the subsequent Liberal government. This is one matter which must be looked at.

• (9:00 p.m.)

In this connection I am aware that clause 3 of the bill deals with the development and distribution of fisheries products; but I can only say that there is not much point in going full scale into exploring, developing and exploiting new fisheries if you also do not go full scale into marketing and selling those particular fish products.

The bill seeks primarily to advance the exploitation of fisheries and to advance and

intrude into the exploration of new fishery resources. It seeks to introduce new fishing vessels and techniques, to assist in the fuller exploitation of the fisheries themselves and also seeks to go into the area of new fisheries products, and new handling, processing, and distribution techniques. That, I think might cover the field, as it were.

Whatever good may come from this legislation, whatever good may have come from the programs similar to these contemplated by this bill which were dealt with by way of appropriation earlier, could very easily be offset by other activities. In fact, sometimes in the past the good contemplated by conservation measures, by the development and increase in exploitation of certain fisheries in order that we could exploit them to the full within the bounds of conservation itself, has been offset and will be offset in the future if the government does not take cognizance of and do something about the fact that other nations in the world are interested in catching fish.

The government must recognize that other nations in the world engage in fishing the same sort of fisheries products that we fish. Sometimes they engage in this fishing right on our back doorstep.

We have had long discussions in this house about the North Pacific Fisheries Treaty, the treaty to which Canada, the United States and Japan are signatories. If the abstention principle some time in the future is removed from the treaty, and that incidentally is the intention and desire of the government and the people of Japan, then one of the countries on the other side of the Pacific will be able without compulsion or without any prohibition to fish for the very fisheries products which have been our lifeblood in British Columbia. That country's vessels will be able to fish within 12 miles of our shores.

It is imperative, if any good is to come from the legislation now being passed, that we move fully into the international field and have discussion not only with nations in NORPAC, but that we include within that treaty other nations the vessels of which fish in the Pacific Ocean for the fisheries products we fish for.

Within the last year we have seen Russian fishing vessels on our back doorstep, just off the northern tip of Vancouver Island. The Russians are under no prohibition whatever to abstain from fishing for the fish which we normally consider ours because they are spawned in our areas. If the massive fishing fleet of the Soviet Union concentrates on the salmon, halibut or herring fishery, that could mean the destruction of those fisheries for British Columbia. If that were to happen all the beneficial things contemplated by the bill before us will come to naught.

Korea is another nation which is expanding its fishing fleet. The People's Republic of China, which is another of the great and developing nations on the horizon, will be embarking on the ocean eventually in order to catch fish. We on this side of the Pacific must recognize these possibilities, and these trends, and these dangers. We must take concrete steps to draw these countries into a conservation pact with us, knowing that only by conservation practices engaged in by all nations with fishing industries shall we be able to exploit these fisheries to the full. Without conservation practices destruction will come to the fisheries. That destruction can be just as devastating as that brought about by the building of hydroelectric dams on rivers containing fish.

Another matter of concern is the degree to which United States fishermen off and around Alaska catch what we classify as our homecoming salmon, which is salmon that comes into the spawning streams in that part of the country which I have the honour to represent. Those salmon come into the Nass and Skeena Rivers and their tributaries. United States fishermen wait on the other side of the international boundary to catch these fish as they follow that route down the Alaska Panhandle as they come to spawn.

We have had conversations in the last couple of weeks with United States authorities about their surf line, as it is called. I have read statements attributed to the deputy minister of fisheries before the Fisheries committee to the effect that there was no agreement about altering that surf line in Alaska, and that some other course of action may have to be followed. I say that it is imperative that we deal strongly and firmly with the United States to see that it desist in wrecking our conservation practices. The United States must enter into a conservation pact to establish surf lines, in the good will and spirit of co-operation necessary to preserve and develop our fisheries.

We must concern ourselves with the 12-mile territorial fishing zone, which was passed in law by parliament some two years ago. That law contemplated the establishment

of straight base lines, and the 12-mile fishing zone measure therefor. Those straight base lines which we were promised faithfully would come into effect before the end of 1964 we have not yet seen. I say that unless we draw those straight base lines so as to include Dixon entrance, Hecate strait and Queen Charlotte sound, the three immense bodies of water which are in the north central part of the province, and draw those base lines in such a way as to close off those areas to prevent other nations exploiting the fisheries there, we could very easily find other nations seeking to exploit the very groundfish that we are so proud of. It is imperative that this be done or the good contemplated by the bill before us can come to nothing.

From the Alaska Panhandle a number of rivers, the Stikine being a notable one, form the spawning base of fish in Canadian territory. In order to come to these spawning grounds salmon have to go to Alaskan or to United States waters. Part of the way up the Stikine river, in United States territory, United States fishermen without any compunction can stretch their nets across the mouth of the river and catch the salmon as they swim up that river. I believe that conservation practices that we contemplate with respect to the Stikine fishery could again come to nothing. This also requires some degree of international co-operation. That is so not only with respect to the Stikine, but also with respect to other waters where fish come to spawn, or where they have to go through foreign territory to their spawning beds in Canada.

• (9:10 p.m.)

I turn now to domestic questions. In the last number of years we have seen that logging and construction companies have dredged up spawning beds in order to build roads. They have dumped logging debris and slash into rivers to such a degree that spawning beds have been destroyed. Not many weeks ago right in my own community of Terrace a logging company was seen to have carried out its operations with bulldozers blazing their way through a particular river, while young steelhead were to be seen there. The answer we got from the Department of Fisheries was: We are sorry, but we did not have that listed as a salmon spawning stream so we could not put anything in the contract as far as the logging company was concerned. This is really the height of ignorance—a department having to admit that one stream, and I do not know how many others, was not listed as a salmon spawning stream. I do not know how we can engage in effective conservation programs when information about the salmon spawning areas is not complete. Unless we do more in this field we shall find that some of the good and beneficial parts of the bill before us will not be realized.

I know that in his heart the minister wants to do everything he possibly can to enhance our fisheries. I know that in his heart he wants to do everything he possibly can to seek out new fisheries projects. I know he wants to have conservation practiced by everyone concerned; it is his hope that conservation will be in the minds of everyone. I know that in his heart he wants to do these things. The bill before us may or may not be able to bring about the desired results. It depends upon what the minister intends to do from now on, not only in respect of those things contemplated in the bill which are desirable in themselves, but also with regard to those matters to which my hon. friend from Comox-Alberni referred—the activities of other nations and other governments, notably the government in British Columbia.

If the minister would strike out in all directions in the name of conservation and the exploration of our fisheries, perhaps a day will come when we can be much more proud than we are now of our fisheries and of our fisheries department.

Mr. Crouse: As the representative of Queens-Lunenburg I welcome this opportunity to make a few comments on Bill C-145, an act to provide for the development of the commercial fisheries of Canada.

I listened with great interest to the Minister of Fisheries when he presented this bill, and in my view it is certainly a comprehensive one which, if properly applied, could affect all aspects of the fishing industry. The bill says in one clause that the minister may make provision for the more efficient exploitation of fisheries resources, the exploration for and development of new fisheries. I believe this is the most important clause in the bill.

For many years in Nova Scotia the fishing industry was an affair of small boats, small capital investment and a surplus of manpower. It was based almost entirely on salt fish. Today the industry is greatly changed. It is based on larger boats with modern equipment, and instead of a surplus of manpower

there is a growing shortage of skilled men to man the ships.

Shifting markets have brought about increased fish sales but at the present time the large fleet operating from Nova Scotia and engaged specifically in scallop fishing is facing a serious situation, due to a glut of scallops on the market. We have seen prices fall from a high of some 60 cents to the fishermen last year to a low at the present time of 37 cents, with a prospect of the price falling still further. I had the opportunity recently to speak to many of the fishermen in my area and if prices do not improve many of them of necessity will be obliged to change their entire operation and go into other types of fishing.

By means of this bill the minister could, I believe, give some assistance to these men. There are other types of fish in the sea which are not now being caught and marketed in large quantities. I refer to the possibility of extending our whaling fleet; I refer to the possibility of enlarging our crab fishing activities; I refer to the possibility of increasing our catch of shrimps; to the possibility of the development of new techniques for catching herring, and to the possible marketing of sharks which are prolific on the east coast and which so far have not been marketed by Canadian fishermen, though they are marketed by the fishermen of other countries.

If the minister uses this bill to assist fishermen in this way I am sure he will receive considerable praise from all Atlantic coast fishermen. Since the Conservative government expanded the subsidy program we have had little difficulty in enlarging our fishing fleet. It seemed it is quite possible for fishermen to get together, form a company and build a new ship. But that is not the only problem. Once a ship is built the fishermen must have a market for their catch which enables them to operate at a profit. I suggest that through the research facilities available to him the minister should devote his efforts under this particular clause of the measure to expanding existing markets and developing new markets for some of the species I have mentioned.

Another clause in the bill calls for the introduction and demonstration to fishermen of new types of fishing vessels and fishing equipment, as well as of new fishing techniques. This is a most important aspect of the legislation. I say this because I believe we have seen the expansion of our fishing fleet without proper consideration of the type of vessel constructed.

For example, on February 19, 1966, *Blue Mist II* was lost with all hands off the southwest coast of Newfoundland. In an edition of the "Canadian Fisherman" of March, 1966, we read that the seiner *Ocean Star* sank off the British Columbia coast on January 29 carrying seven crew members to their death. Doubts have been raised about the vessel's stability. We read that the *Northview* was lost in the Finlayson Channel in February, 1961, with eight men aboard. The *Combat* was lost in Hecate strait with seven men aboard during March, 1965. The *Sea Ranger* was lost in April, 1965, in the Bering sea.

• (9:20 p.m.)

The question arises why these ships were lost. In the April, 1966 issue of the *Canadian Fisherman* there is an article by Bren Walsh, Newfoundland correspondent, dealing with the problem of icing up, from which I would like to quote briefly. In it he states that the problem seems to be one of severe icing conditions. Mr. Russell, the manager of the company which operated *Blue Mist II,* stated that disaster had struck twice in seven years, the first boat it lost being the *Blue Wave*. The manager also said that his company—

> —is now formulating plans to spend thousands of dollars in research on de-icing.
>
> "It has to start somewhere," he said. "Someone had to initiate research into the de-icing of aircraft and there's good reason why we should be the ones to make a start for the fishing industry."
>
> He said they would be happy to make this a co-operative joint effort with other companies, if practical, but that they will carry on in any case on a research program.
>
> From what I could learn there has been surprisingly little research done on the problem to date—
>
> Russell said de-icing experiments were carried out some years ago by the British Association of Shipbuilders but their conclusions—whatever they were—are buried in an obscure report.
>
> He said his company had some preliminary studies initiated shortly after the loss of *Blue Wave* in 1959. The main conclusion of these studies was that little specific knowledge exists on the problem.
>
> On the question of whether de-icing is possible, he had this to say:
>
> "If a way can be found to partially de-ice a ship ...it will likely involve the use of either electricity or of heated liquids pumped throughout the ship."
>
> If electricity is used, he said, "it must be done in such a manner as to avoid shorting out the ship's main electrical system or of electrifying the ship."

As a resident of Lunenburg and the coast of Nova Scotia, I have visited the waterfront during winter months. The ships, as they arrive in port following a winter gale, are

quite a spectacle. They are almost completely covered with ice from the tips of their masts, and throughout their length and breadth. For many years the only way to remove the ice, so dangerous to the crews, was to use a mallet, which required arduous labour to knock off a very small quantity of ice. In recent years captains and crews have met with some success by installing steam equipment. By using steam hoses they have managed to remove some of the excess ice that builds up, layer on layer, while the ship is en route to port.

It is evident that the minister has given some thought to this matter or he would not have included clause 3(d) in the bill. Therefore I suggest to him that when he is considering new types of fishing vessels he make a study of their stability factor and of a proper manner of de-icing them when they are to operate in the North Atlantic in severe winter weather. This is vitally important, especially when we consider the shortage of crews and the necessity of maintaining our fishing fleet at sea.

The minister has also included a subclause (2) whereby he may—

> —enter into an agreement with any province providing for the undertaking jointly with the government of the province or any agency thereof of any project that the minister is authorized to undertake under subsection (1).

Here I would commend to him the remarks of the hon. member for Saint John-Albert who spoke in great praise of Atlantic salmon and with whose remarks I agree. In Nova Scotia in recent years we seen a great decline in the catch of Atlantic salmon.

At one time the Lahave river was known to yield over 250 salmon during a season. Last year it yielded less than 75, to the great regret of local people who looked upon the river as a major attraction for tourists to the area. The reason the river contained a large number of salmon in previous years is that at one time lumber operators maintained large wooden dams on the river, which served to control the supply of water and enabled salmon to get upstream to the spawning grounds during the spring of the year. With the advent of trucks it was no longer necessary to maintain river water control for the sluicing of logs to the mouth of the river, and so the dams were allowed to fall into disrepair.

It is believed that the Department of Fisheries could go a long way toward reestablishing the salmon run not only on the Lahave but on the Gold River, the Medway River and other salmon streams in Nova Scotia by reconstructing wooden dams on these rivers for water control. In view of this provision in the bill I hope the minister will avail himself of the opportunity to carry out joint programs with the provincial authorities to help restore the salmon fishing in the major salmon rivers of Nova Scotia.

There are many other provisions in the bill to which I could address myself tonight. One of them concerns the necessity of working closely with the Minister of Public Works in the provision of new facilities for the fishing industry in the Atlantic provinces. We have expanded our fishing fleet, but in many maritime areas we are now suffering from inadequate docking facilities. This is especially true in Lunenburg and throughout many parts of my constituency. I hope the minister will give favourable consideration to this matter when implementing this clause of the bill.

Clause 5 of the bill gives the minister very extensive powers, which I fear might even trespass on the rights of the provinces. He will have to use his good judgment when implementing this clause of the bill. As he is well aware, in the Atlantic provinces we have fishermen's loan boards. We have departments of fisheries in Nova Scotia, New Brunswick, Prince Edward Island and, I believe, Newfoundland. Therefore, in view of the wide powers which will be granted to the minister by this bill, before implementing any new measures I hope he will undertake careful consultation with the various provincial interests.

I reserve the right to make comment on other provisions of the bill at another time. In closing I commend the minister for his efforts in bringing forth this bill which, in the main, should prove of great assistance to the Atlantic provinces and to the fishing industry in general.

Mr. Patterson: My observations, Mr. Chairman, will be brief and general in nature this evening. I have listened with great interest to the minister's statement. In fact I have always found his statements dealing with the fishing industry of great interest. Tonight he referred to amendments which he will introduce as we study the various clauses of the bill. We look forward to seeing these amendments so that we can analyse them in order to assess whether they will be effective in meeting the various problems with which the industry is confronted.

We are all aware of the tremendous importance of the fishing industry to Canada. Any measure of program directed toward enhancing the industry, whether on the east coast, the west coast, or in the areas in between, will receive unqualified support.

• (9:30 p.m.)

I think back, Mr. Chairman, to former years when there was a real measure of co-operation on a non-partisan basis when it came to a consideration of fisheries problems. That spirit of co-operation was characteristic of the approach which all members took, because they realized the problems we faced would not be solved by a political approach, but that they would be solved when we were able to co-operate in bringing in what we believed were effective and adequate measures for the solution of our problems. It almost seems as though now a new era has dawned; we have departed from that attitude of co-operation and have moved into an area of criticism, which I think is doing and will do a disservice to the entire industry.

The hon. member for Comox-Alberni, supported by his colleague for Skeena, went to considerable length in an effort to downgrade the government of his own province. It is remarkable that there are those in this house who seem to take a great delight in doing this for political purposes and political motives; but it is unfortunate in a debate such as this that we would resort to tactics of this kind. I wish to assure the Minister of Fisheries, you Mr. Chairman, and all members of this house, that the government of British Columbia is actively concerned in all phases of the British Columbia economy and in the welfare of all its people. I wonder whether it could be that an election campaign is in the offing in British Columbia, and that this is part of the program.

Mr. Howard: I did not know that.

Mr. Patterson: It may be the take-off for an election campaign. Several years ago I was invited to an non-partisan meeting; it was not a political meeting at all, but rather was a meeting called by the fisheries organizations. They had representatives from the various political parties and it was during an election campaign. The candidates there used it for a political platform. I should like to assure all concerned that it was not very effective in those days; in fact it backfired.

I do not believe, Mr. Chairman, that the problems which face the fishing industry in British Columbia, or in any other part of Canada for that matter, will be solved by political criticisms or innuendos. They will be solved by an organized and constant effort on the part of all concerned to find a solution to the problems which face us.

Mr. Howard: Would you permit a question?

Mr. Patterson: Certainly.

Mr. Howard: The hon. member has permitted me to ask a question, Mr. Chairman. I am sure we all want to work in a spirit of co-operation; that is our desire, our intention and our hope. If we have erred as the hon. member indicates, I wonder, in order to get us back on the right track, would he detail for us what the provincial government has done in recent years to assist the fishing industry in British Columbia?

Mr. Patterson: In past years the fisheries affairs have been under the direction of another department, and in fact are still at the present time. I believe, however, we must recognize this fact, that on the Pacific coast the major responsibility for activities in respect of the fisheries is under the jurisdiction of the federal government. In fact, a study of the regulations and of the whole picture, as it affects the Pacific fishery, points out this fact, that the federal government has the major responsibility in the field of fisheries. I do know that the minister under whose jurisdiction the fisheries fall, so far as the provincial responsibility is concerned, is vitally interested in this matter. I do know also that a great deal of attention and throught is being given to it and, just as British Columbia has faced and solved its problems in many other phases of activity, so I know they are going to face this realistically and, so far as possible within the provincial jurisdiction, meet their responsibilities and cooperate with the federal government in its efforts to solve the problems of development, the problems of conservation, the problems of marketing, and every other type of problem with which we are faced on the Pacific coast.

Therefore, Mr. Chairman, I felt I would be remiss tonight if I failed to make these few brief observations. I wish to say again, in spite of what the hon. member for Saint John-Albert said about the Atlantic salmon being tops so far as the fish of Canada are concerned, that I do not agree with him altogether, because through my constituency flows the mighty Fraser river, one of the great salmon fishery rivers of the continent and of the world. I should like to say it is

pretty hard to beat the Pacific salmon when it comes to quality, when it comes to size and when you judge it by any other criteria. Let me say again in closing that regardless of where the problems of the fishing industry may lie, no matter what part of Canada we are speaking of, we are vitally interested in and will support every measure designed to meet the problems in this industry and in our Canadian economy.

Mr. Kindt: Mr. Chairman, I should like the minister to clarify one or two points in connection with this matter before he goes on, or before we pass this bill. What I have in mind relates to the Northwest Territories. The minister may have made a statement on this before I came into the house. In the north and in the Great Slave lake area there is an industry started in respect of the char fishery, and which requires some help from the Department of Fisheries. I should like to see efforts made to button up projects with the provinces; but there is no mention in this bill about the Northwest Territories.

I am wondering where the fishermen in the Northwest Territories stand in respect of the proposed activities envisaged under this particular bill. Although it is expensive, the people of the Great Slave lake area are able to fly out their fish, and can command a good price on the New York market and in the markets of some of the larger centres. I should like to have from the minister his views with regard to co-operating with the areas which are not formed into provinces, such as the Northwest Territories and perhaps the Yukon territory.

• (9:40 p.m.)

Mr. Herridge: Mr. Chairman, I do not intend to take much of the time of the committee, but I am interested in this bill as I realize that when it is adopted it will present an opportunity for the government to do something for the commercial and sport fishing industries of Canada. If it seizes that opportunity I can envisage great advantages forthcoming to various areas in addition to our coastline and maritime regions.

I am not one of those fellows who gets married to every passing whim and fancy that attracts popular sympathy, because I realize that any member who does that will find himself a widower once a week. What I want to say is based on the good common sense of the people I have the honour of representing, who have given some study to this question.

[Mr. Patterson.]

It was very pleasing to hear some members, including the minister, indicate that this is more or less an ARDA fisheries program carried over to meet the fisheries situation which now exists in Canada. I was very pleased to hear the minister say on several occasions that this program will also cover sport fisheries in this country, which at the present time can also be strictly termed as commercial fisheries.

I rise to bring particularly to the attention of the minister a subject I have mentioned once or twice before in this house during the last few years, and relate it to the opportunity that is being provided the minister, his department and his officials to restore the damaged fisheries in the Kootenay and Columbia river areas as a result of the construction of dams under the Columbia river treaty. The minister may be interested to know that the building of these dams will flood in total 135,400 acres of the Columbia valley region. Of particular interest at the present time is the 24,700 acres that will be flooded on the main stem of the Columbia and the Arrow lakes, 10,400 acres of which is in the Lardeau valley, the spawning ground of the Kokanee. A large number of Kokanee are spawned there every year.

The Arrow lakes and Columbia river area from the international boundary to Revelstoke has always provided excellent fishing grounds for residents and tourists, particularly for Kamloops trout, Dolly Varden, lake trout, silver trout and other trout species.

The people of the area which I have the honour to represent are very concerned about this damage to a very important industry, and there is no question that there is going to be immense damage done to the natural fishing industry in this region. On that account the B.C. Federation of Fish, Rod and Gun Clubs of the area, chambers of commerce, farmers' and women's institutes and, in fact, the general public and the tourist industry are all very concerned that action should be taken by both the federal and provincial governments to do all that is possible to restore this industry.

In this regard I should like to quote briefly from one or two newspaper articles I have before me. Quite recently there was a meeting held in the district during which this subject was discussed. It may be of interest to the minister to know that the Arrow lakes will rise 69 feet, and two thirds of the spawning area will be lost. The Duncan dam is sitting on 68 per cent of the Kokanee

spawning ground which feeds the Kootenay lakes and Kootenay river.

Mr. Paisch, who is secretary of the B.C. Wildlife Federation, addressed that meeting and mentioned that a survey of this situation was undertaken in 1961, and that the views of this organization were presented to the water comptroller who was holding hearings in the district prior to the final agreement between the government of Canada and the government of British Columbia in respect of the treaty. He said:

> The government is suffering from a complete absence of understanding of fish and wildlife.

He was referring to the government of British Columbia. He is reported in this article appearing in the Nelson *Daily News* of April 6, 1966 as having stated:

> It's something that always has been here and always will be,—

He went on to say, as reported:

> Many people are coming up from California because they've ruined their natural resources there, and now the same thing is being done here.

He was referring to the building of these dams on the Columbia and the flooding of these areas.

He is further reported in this article as follows:

> Paisch said that "residential hunters and fishermen spend $75 million per year and people were never given a chance to state whether they would pay a bit more for power and retain the thing that makes B.C. the place we want to live."

I should like to quote further from the Nelson *Daily News* of January 25, 1966 regarding a rod and gun club meeting about dam clearing under the heading "Arrow Lake Fish Study Recommended at Meeting". It states in part:

> During the annual meeting of the West Kootenay Rod and Gun Club Association held in Nelson, Sunday, the government's attitude toward the clearance of dam reservoirs was discussed. This resulted from the Columbia river report read by Frank Shannon and Harry Hanson.
>
> F. Shannon stated that the provincial government is not worried about it. He said, "They feel clearing can be done later when it's needed and it doesn't seem to be worth the expense".
>
> Stewart Smith, chief fisheries management officer said at the end of his speech that "We've always recommended full clearage of reservoirs." He added that leaving reservoir areas uncleared makes them inaccessible to fishermen and destroys their value as a recreational area.

The article then continues to state that the meeting dealt with the whole question, and that committees were established for the entire region and at various local points.

A brief has been submitted to the provincial government urging that a survey be undertaken of the fishery resources in the Duncan lake, Arrow lakes and Columbia river areas so that some planning can be done in order to do as much as possible to remedy the damage that will be caused by the rise and fall of water, the flooding of spawning grounds and the resultant change in the amount of pelagic food available.

I bring these facts to the attention of the minister because I think he has an opportunity under the terms of this bill to do something with the co-operation of provincial governments and local people concerned. We have a great number of people in these districts who understand the situation very thoroughly, and there are many organizations and individuals who would be willing to co-operate with both governments to do everything possible, according to the best information available, to overcome as far as possible the great damage that will be done to these fisheries by the construction of these dams.

Our area is known as a recreational area. People are coming up from the United States in increasing numbers every year. Last year there were approximately 125 boats which came from as far south as Portland on the Columbia. Many of them went as far north as Revelstoke, a distance of over 300 miles of good hunting and fishing at this time. This means a great deal to the economy of the area, not only to the tourist industry and the recreational industry generally, but to the hotels, businesses and the local residents.

I rise briefly to bring these things to the minister's attention in the hope that he will domonstrate to the people of the Kootenays that he intends to take some action under this legislation, and to seek the co-operation of the provincial government in designing a program of surveys and of programs covering the building of hatcheries and other things as recommended by the experts, in an attempt to remedy as far as possible the result, as I have repeatedly stated, of the building of these unfortunate dams.

When the minister replies to the various remarks of hon. members that have been made during this debate I hope he will indicate that he is willing to consider my suggestions and invite the people of British Columbia to undertake to co-operate in action taken under this worth-while bill to remedy the situation. Otherwise we will have wasted

our time in referring to the various proposals contained in it.

• (9:50 p.m.)

Mr. Kindt: Mr. Chairman, because I did not realize the scope that is covered by this bill I omitted to mention one point of which I have since been reminded. In Alberta we have three national parks along the Rocky Mountain area, at Waterton Lakes, Banff and Jasper. Those parks are tourist areas. I know that the federal government takes care of the fisheries in these parks but I know, too, that in between the parks there are many, many mountain streams and campsites. Tourists go to the streams between the parks and participate in sport fishing. I know that the province is supposed to stock these streams, but there is a tremendous drain on the fish in the streams.

The complaint of the tourist is that he fishes and catches nothing. He also complains about the same thing in the national parks. He will come out of these areas and say they are fished out. One could pass this off as a joke and say that the tourist is not using the right kind of fishing outfit, the right kind of flies, etc. But if we are to take care of fishing in this country and, with the provinces, button up the regulations, let us make it all-inclusive; let us see that the provinces carry out sufficient restocking programs so that fish are available to tourists. The tourist industry produces the second or third largest revenue to this country and we are doing nothing about the industry, except with regard to the national parks.

Even the national parks are deficient in this respect because the streams in the parks do not contain a sufficient number of fish. The Minister of Fisheries should be talking to the managers of our national parks and if necessary buttoning up some projects so we can bring more tourists into this country and make them happy when they get here. I think it is his duty to do this, and would hope that under this act he would feel free to make every effort to discuss this question with his colleagues, and if necessary with the province of Alberta with regard to streams surrounding the parks which are under the jurisdiction of that province. I ask the minister how far he anticipates his authority will go under this act, and whether he intends to confine it to the seasides and not come inland to do a job where there is a job to be done.

Mr. Barnett: Mr. Chairman, a few minutes ago the hon. member for Fraser Valley suggested that I had injected a partisan, political note into the discussion. I thought I was being very restrained and factual in what I had to say. However, I would like to make clear to the member for Fraser Valley and the committee that I am not one of those people who consider the Premier of British Columbia and his government to be like some great god on high that is beyond and above any criticism.

The hon. member for Fraser Valley made some reference to elections. He may have some information that I have not. I do know there are one or two provincial elections around in the country, but as far as I know there is not any election in the province of British Columbia. I would like to point out to the committee and perhaps expand somewhat, in view of what the hon. member for Fraser Valley said, on why I am concerned about the question of fisheries development in British Columbia, and what is and what is not being done about it.

I am concerned that at the present time the province of British Columbia is, relatively speaking, falling behind some of the other provinces in Canada in respect of the growth of its fishery. In fact, according to the last figures I have seen, the landed value of the fish caught by the fishermen of the province of Nova Scotia is now ahead of that of the province of British Columbia. I would point out that as I understand it the constitutional jurisdiction of the federal government in respect of fisheries is exactly the same in the province of British Columbia as it is in every other province in Canada.

What I am concerned about and tried to draw attention to is that at a time when, relatively speaking, the fishery of British Columbia is falling behind, according to the evidence I have the only province that seems to be making noises about questions, and finer points of constitutional jurisdiction, is British Columbia. This is at a time when apparently on the Atlantic coast there is increasingly a measure of co-operation in joint projects and ventures between the federal authority and provincial governments in regard to fisheries expansion.

As I say, Mr. Chairman, the government of British Columbia and the standing committee of that legislature, as can be seen from its report, are concerned about quibbling over constitutional jurisdiction. I would remind the hon. member for Fraser Valley that according to the figures I have in respect of the budget of the government of British Columbia for 1965-66, out of a total budget

for the Department of Recreation and Conservation of $5,462,000, our commercial fisheries branch was granted a vote of $31,566; and in the estimates for the current fiscal year, out of a total estimate for the Department of Recreation and Conservation of $6,421,932, the estimate for the commercial fisheries branch totals $32,872. That $32,872, as I calculate it, represents five one hundred thousandths of one per cent of the total budget of the province of British Columbia for the current fiscal year.

I would not suggest this is an over-spending by the government of British Columbia in the field of commercial fisheries, even though the major jurisdiction may lie within the authority of the federal government. I would point out that I have in my hand the Votes and Proceedings of the Legislative Assembly of British Columbia for Tuesday, March 29, 1966, which contains the report of the standing committee, to which I made reference earlier, and it says in part:

> Your committee recommends that due to the interlocking relationship between resources solely under provincial jurisdiction and that of fisheries, an agreement should be concluded with the federal government providing greater jurisdiction to the province since it is unreasonable to expect the province to accept greater responsibility unless it has concomitant authority.

Further down the report says:

> In the event of proper and satisfactory provincial jurisdiction and authority being established, your committee recommends
>
> (1) that there be a Minister of Commercial Fisheries for British Columbia.

I submit that if we in the province of British Columbia are to receive any benefit from the bill now before the house, the government and legislature of the province of British Columbia should not be quibbling about defining constitutional matters. I agree that there are areas in which study can be made and agreement worked out, but as I understand it the major point is that it would be desirable that there be a minister in the government of British Columbia responsible and able to discuss these matters with the federal authority, a minister who could come as the minister of fisheries of British Columbia to a federal-provincial fisheries conference with authority to speak for that government, a minister who would be prepared to take in his hands responsibility for seeing that British Columbia participates in these programs and receives a fair share of the possible advantages that can flow from the bill now under consideration by this house.

• (10:00 p.m.)

If that is being politically partisan in this area, then I make no apology whatever to the hon. member for Fraser Valley or to any other hon. member of this house for expressing this point of view. The government of criticism either inside this house or outside of it.

Mr. Pickersgill: Mr. Chairman, I wonder whether the committee would be disposed to go on for another 15 minutes. There has been an indication that there will not be very many more members who wish to speak and it would be of great help if we could finish the committee stage of the bill tonight.

Mr. Starr: We could certainly be agreeable to co-operate. There are two members of our party who wish to say a few words and may not take more than 15 or 20 minutes. If we let it go for another day it would probably take longer, when we could dispose of the matter tonight.

Mr. Howard: I think if we set the time limit at 15 minutes this would be quite agreeable. I am sure we could conclude in that time.

Mr. Starr: I do not think that is fair. Some members have taken full time and others have not spoken at all. If we do not set a time limit, then they will try to make their speeches as short as possible.

Mr. Howard: If you do not set a time limit we will be here till midnight.

The Deputy Chairman: Is it agreed that the Chair shall not see the clock?

Some hon. Members: Agreed.

Mr. Barnett: Would the hon. member for Ontario agree that we do not see the clock for half an hour

Mr. Starr: That is fine.

The Deputy Chairman: Is that agreed?

Some hon. Members: Agreed.

Mr. Bower: Mr. Chairman, as a member from Nova Scotia, a province which in 1965 achieved the position of first place in Canada for the landed value of a fish catch, and having the honour to represent in this house the constituency of Shelburne-Yarmouth-Clare which in turn leads all other ridings in my province in landed value of the fish

catch—indeed, some 37 per cent of the provincial total—I particularly welcome Bill No. C-145 introduced by the Minister of Fisheries.

In the course of moving second reading of the bill the minister took exception to the references made in this house to the fact that the fisheries department was considered the orphan of the government. The minister countered this definition by announcing very substantial increases in the estimates of his department over those of the recent past. Perhaps he will not object if, in an entirely non-partisan way, I liken the fisheries department to a sleeping giant which has slept over far too many years but is now stirring energetically.

With the proper implementation of the enabling legislation which is contemplated in the bill before the committee I see no reason why in 10 to 15 years from now the then minister of fisheries will not be justified in presenting even more greatly expanded estimates commensurate with the burgeoning growth of the harvest of the sea.

Canada, a great heartland country with the bulk of its population residing far from its coasts, perhaps naturally has not shown the countrywide interest in the fisheries industry which has obtained in agriculture, manufacturing, mining and the service enterprises.

As the hon. member for Gaspé intimated the other day, many people of our country have only fragmentary and distorted notions of our fisheries and fishermen. When they think of this segment of our economy, if they think of it at all, too often they conjure up the vision of a white bearded oldster in a sou'wester on the end of a wharf interrupting his net repairing to carve out a model boat for a curly headed youngster, or of a rough and ready brawling activity far removed from the bucolic regularity of farming or the well ordered procedures of mining, manufacturing and the service industries.

Mr. Chairman, our fisheries constitute an important serious, high risk, capital hungry sector of our national economy that, having made considerable progress over the recent past, still has a basic problem. That problem is the need to accelerate in respect to expansion, modernization, research and investment, for we have fallen behind the other great fishing countries of the world. Our great stretches of coastline and the potential economic significance of the industry make such a situation intolerable.

[Mr. Bower.]

Previous speakers in debate on the bill have stressed the demand factor in the fisheries. To emphasize this potential may I point out authorities now estimate the world population will reach 4,000 million in the next 14 years. The great bulk of the increase will be in the so-called underdeveloped countries. It has been my personal observation that it is precisely in those areas where, in addition, to chronic quantity lack of food there is the equally grave problem of deficiency in protein supply.

Only recently, Mr. Chairman, we heard the Prime Minister announce that our country was prepared to increase substantially our wheat contribution to India in view of the famine conditions facing that country. This was a gesture in response to a specific crisis. But, over the years, Canada as one of the more prosperous countries of the world is going to be continually called on for food by the emerging nations and, sir, I maintain the sea is a great protein source. With adequate expansion, modernization, technical innovations, trained personnel and basic research our fisheries can produce palatable low unit cost protein. In enlightered self interest, Mr. Chairman, with our current and probably continuing role of suppliers of food to deficiency areas in this respect, it behooves us to assure, if I may put it rather inelegantly, that we are in a position to fill more bellies for a buck of aid.

I am particularly impressed by the scope of the bill. After careful study I believe it can serve as the basis, in a very real way, for the development of our commercial fisheries. No doubt as time passes, legislation for special cases and circumstances will be necessary, but I do feel we have in the proposed legislation the makings of a solid foundation.

I would be the first to agree with the minister and several other hon. members that our offshore fisheries are now, and in the future will be, the vastly dominant factor, quantitatively, in the fisheries picture. The emphasis on improving equipment, personnel, and techniques in that sector is wholly desirable.

I believe the remarks of the hon. member for Queens-Lunenburg admirably summed up the objectives we must keep ever in view. Those are the utilization of all species, and the utilization of all of each fish, except the wiggle of its fins.

The structure of the bill in my opinion is sound in that it envisages a spread of contribution and participation in the development

of our fisheries all the way from Ottawa to the operating level. At least, I take it that, in clause 7 providing for the setting up of advisory committees, the minister has in mind calling into the picture people actively taking part in the various operating sectors of the industry. There, Mr. Chairman, resides a mine of practicality which can serve well in maximizing the effectiveness of the legislation.

Clause 2 of the bill, I am glad to note, interprets marine plant life as included in fishery resources. This is an area I believe where research, the improvement of harvesting, handling devices and conservation measures may have a significant incremental effect on the total fisheries effort.

• (10:10 p.m.)

In conceding major import to the offshore fisheries, Mr. Chairman, and the need of phasing in, and promptly so, the improvements in that sector to bring the industry up to optimum development level, I put in the demurrer that we do not as policy, phase out of existence our inshore fishermen. I certainly want to see our big offshore operations developed to the highest degree of efficiency, but I contend the individual fishermen and indeed the small local fish plants have significant roles to play in the industry picture.

Perhaps there are too many part time fishermen, but I submit there are thousands of inshore fishermen capable of making a living well above poverty level in this particular phase of fishing. In any group of people anywhere there are the incompetents, the lazy and the free loaders; but, Mr. Chairman, my own observation is that the vast majority of our inshore men are energetic and competent. They are people who, with the investments in their boats and equipment and their willingness to face the risks inherent in their jobs, constitute a sort of yeomanry, a whole group of small entrepreneurs. It is my observation that where they have adequate basic facilities—wharves, dredgings and breakwaters for instance—they can and will do well. They are very significant contributors to the over-all economy of a constituency such as mine.

During debate on the fisheries bill frequent mention has been made of the prospects of fish farming and the concept of vocational and technical training of crews for the adequate manning of the modernized and more complex offshore fishing fleet to be.

Mr. Chairman, I submit it is almost an inevitability that the source of personnel in both these instances will be the general community of inshore fishermen. Certainly therefore the viability of this community must be maintained.

In southwestern Nova Scotia the inshore fishermen, generally speaking and according to the season, engage in lobstering, the netting and trapping of herring, groundfish fishing and the harvesting of marine plants. In other words, the fisherman's yearly income is made up of the total of several specialized activities. Whenever one of these activities is adversely affected the fisherman's yearly take can be disastrously driven downwards from a reasonably satisfactory level.

Recently large-scale purse seining for herring, and the establishment of plants for the processing to fishmeal and fish oil have taken place in southwestern Nova Scotia, and this no doubt accounts for the increase of the province's herring landings to 145 million pounds in 1965. These developments, in general, are a source of satisfaction. However there is a consensus in the fishing communities of Shelburne and Yarmouth counties and the district of Clare that the purse seining conducted in the inshore fishing areas is adversely affecting the traditional gill netting and trapping zone. The inshore herring fishermen sell to the small plants for processing for human consumption, as contrasted with bulk processing of the seiners' catch for non-human consumption. Fears are expressed that the purse seining close inshore may be damaging the schooling and reproduction of herring in the spawning grounds by over-harvesting.

I would hope that the minister might see fit to establish a zone extending three to 12 miles offshore in which purse seining would be excluded, and parallel with this he should have a thorough departmental study made of the situation, as a contribution to the conservation of resources concept.

I believe, Mr. Chairman, that there are precedents for the first of the two moves I have just mentioned in the restriction of draggers over 65 feet in length to 12 miles off the coast, and the barring of purse seining in a zone around Grand Manan Island on the north side of the bay of Fundy. The reservation of a zone for the net fishermen, leaving the whole sweep of the ocean to the seiners, should not unduly hamper the large scale operation.

During the debate on the resolution introducing the fisheries bill, the hon. member for

Halifax brought up the problem in his constituency arising from the lack of freezer facilities in the smaller fishing communities. This was a source of preoccupation to me also, for it is indeed shocking to witness boatload after boatload of herring being thrown overboard because of lack of the means to preserve them as bait or for processing for human consumption.

The minister assured the hon. member that when the house saw the bill it would find in it provisions for overcoming this problem. I take it that the minister thus gave us a pre-interpretation of this part of clause 5 of the bill, and I trust it will work this way.

I would also add my plea to that of other hon. members and urge on the minister the essentiality of his securing the co-operation of the Minister of Public Works in expanding the shore facilities and services, and I am not talking about "the wharf for every fisherman", which is too often used as the brush-off answer of the government to essential facility requests.

In the district of Clare, in Yarmouth county and in Shelburne county, installations which seemed large are now overcrowed in the bigger fishing ports. Additionally, in many smaller ports in all three of these areas, these facilities are lacking, are in a bad state of repair, or are inadequate. It seems to me that we have been accommodating to current size of operations rather than building to a growth concept.

If, as we all hope, the Fisheries Development Act is to stimulate the modernization and expansion of the industry, and we see right now more and bigger ships both of the offshore and inshore type, the moment is at hand to get on with the shore installations and services, lest the beneficial effects of the legislation be blocked, and Canada remain behind, in international competition.

Now, Mr. Chairman, I will conclude by expressing my concern, and I know it is the concern of everyone in my constituency—indeed the concern of most of the people of the Atlantic provinces—that the minister has not been able to give definite advice on the setting up of the 12 miles fishing zone and its corresponding base lines in totality as a protective device for Canadian fisheries against all foreign fishing fleets. This leaves the Territorial Sea and Fishing Zones Act of 1964, promised in the election campaign of 1963, now in the year of our Lord 1966, something of a lame duck in Nova Scotian eyes.

[Mr. Bower.]

Recent news dispatches reporting the introduction of a bill to the House of Representatives of the United States, to create a 12 mile fishing zone, does not tend to dispel the impression that the Americans are not altogether antagonistic to the 12 mile limit idea, but yet we do not have our Canadian protective limit.

Clause 2 agreed to.

On clause 3—*Minister may undertake projects.*

Mr. Robichaud: Mr. Chairman, I have an amendment to clause 3, which I would ask my colleague, the Minister of Transport, to move, namely:

"(5) The minister may enter into an agreement with any person for the joint undertaking of any project that the Minister is authorized to undertake under subsection (1) or for the payment to any person of contributions in respect of the cost of any such project undertaken by that person."

I am sure this amendment will meet some of the representations which were made to us following introduction of the bill. It will cover fish processors and co-operative groups and will even go a little further because it will also include agreements with individual fishermen, which sometimes are necessary for carrying out new experiments. I would therefore ask my colleague to move the proposed amendment.

Mr. Pickersgill: I so move.

• (10:20 p.m.)

Mr. Barnett: Just for clarification, Mr. Chairman, I should like to ask the minister, in his understanding of the amendment which his colleague has proposed on his behalf and viewed in conjunction with clause 3(1)(a), whether it would enable the minister to undertake a project which might be described as a fish processing plant project?

Mr. Robichaud: Mr. Chairman, I cannot give a specific reply to this question. It all depends for what purpose the fish processing plant would be used. There may be instances where we would wish to introduce new methods for processing or preparation of fish for market in respect of which we would consider making grants to a processing plant or enter into an agreement with such a plant.

Mr. Nowlan: I will be very brief, Mr. Chairman. In my remarks I do not wish anyone to consider that my brevity detracts from the importance of the fisheries. The hon. member for Shelburne-Yarmouth-Clare spoke

at some length about the fisheries, but I will be much more brief. I do not wish anyone to think that this takes away from the interest those in my constituency have in this matter. The recent amendment I believe does answer some of the objections of the members from the west coast in respect of the bill as originally drafted. In so far as clause 3 is concerned, and in the general context of fishing, a project which I would heartily commend to the minister is a removal of the closure of the New Brunswick shores so that the discrimination with relation to New Brunswick versus Nova Scotia seiners might be removed.

I submit that as a fisheries project this matter should be commended to the minister. He has mentioned the conference at Fredericton on May 4 to May 8, but I should like to tell him that I do believe that conference will deal more with the history and the life of herring than it will with the problems of Nova Scotia vis-à-vis New Brunswick.

Mr. Robichaud: I said that on the occasion of that meeting I hope to have a special meeting with Nova Scotia and New Brunswick representatives so that we can get together and arrive at a satisfactory agreement.

Mr. Nowlan: I thank the minister for those remarks of clarification. I will wait with interest for the meeting and say no more about this now, although I do say this would be one of the best developments in the Atlantic region because when you have 30 boats in the basin and see these boats come some distance from the weirs put out on April 13, that is something to be concerned about. The minister stated that the herring season was all year, but the weir season opens on April 15, and it was to that I was referring.

Mr. Robichaud: It is open all year.

Mr. Nowlan: Then I have found that this is one subject in which I can get an education. The second point is the matter raised by my hon. friend from Shelburne-Yarmouth-Clare. I do not intend to belabour this point tonight, but I do intend to say more about it and present more facts and figures in the form of a question to the Minister of Public Works because I appreciate that this also has a relationship to his department.

As the Minister of Fisheries is aware, coming from his province, the fishermen from Digby island and Digby Neck have for once in their history united on one thing in an attempt to solve their very pressing harbour facility needs. I refer, of course, to the Petty passage project. This will come under fishery department projects, and the minister can undertake this through other agencies, because it obviously involves other agencies. I intend to say more about this at a later time.

It takes rock to put a breakwater out, and being from Nova Scotia I think this breakwater causeway would have more beneficial result than the causeway to the island, because it would also provide a harbour. The harbour facilities there have not been improved for years. Hundred-foot trawlers are the common thing today, yet the dock space there is 20 years old.

I am glad to see the Minister of Transport in his seat tonight because the next thing I wish to refer to is a joint project under clause 3 and concerns the Atlantic Development Board. During the Easter recess it was brought to my attention that some fish plants do not have landings of ten million pounds, and therefore perhaps do not qualify for water development grants. In one case two plants exist back to back and together process more than ten million pounds of landed fish. In the particular instance to which I have reference the two plants employ between 60 and 75 people. I hope in an effort to develop commercial fisheries in that particular area sympathetic attention will be given to the requests of these two companies, and others, in the matter of qualification for grants, because they do process more than the required ten million pounds. I think there is some anomaly in the fact that they operate back to back, yet under the regulations cannot qualify.

That is all I intended to say at this late hour. I think an hon. member has a technical question he wishes to put forward. As far as I am concerned, any development of the commercial fisheries industry of Nova Scotia will be beneficial, and we are all in favour of any such development.

Mr. Alkenbrack: Mr. Chairman, I should like to briefly bring one point to the attention of this committee which relates to clause 3 (a) of the bill. My point is related to the more efficient exploitation of fisheries resources. I have apprised the minister of this. It is the intention of some of the provinces, particularly the province of Ontario, to ban from use monofilament net. It is the duty of the minister in this house to ratify the intention to ban it, and it is his duty to make the final

decision. Monofilament net of dimensions used in the eastern Ontario area for fishing and particularly for whitefish in lake Ontario and bay of Quinte, costs as high as $25 per pound, ready for fishing. I raise this matter on behalf of a constituent, a commercial fisherman. The constituent concerned, and he is not alone in this predicament, has purchased about 100 pounds of this monofilament net.

It is reported that the Game and Fisheries Department of the government of Ontario wish to ban monofilament net for two years. If banned two years only, this would be very difficult to administer, to inspect and to enforce. If the ultra-efficiency of this type of net is a long-term detriment to the maintenance of the fishing industry, then it should be permanently banned.

Monofilament net is the most efficient fishing device ever devised by man. It is invisible in the waters of the Great Lakes, the result being that it fishes night and day, and in both foul and fair weather. The fish cannot see it.

• (10:30 p.m.)

I agree that if this type of gear is so efficient that it endangers the maintenance of the various species which it catches, then it ought to be rigidly controlled, even to the extent of banning it from Canadian commercial fishing waters. But my point is this, Mr. Chairman. Monofilament net was recognized previously, has been legalized and is now being widely used. If it is banned, then the commercial fishermen who have equipped themselves with this type of net should be fully compensated for the loss of the legality of their monofilament nets.

I point out to the minister the need of the fishermen to adjust themselves to this eventuality if monofilament is banned, and the date of the beginning of the ban on the sale and use of monofilament should be announced far enough in advance to give the fishermen a chance at least to recoup some of the money which they have invested in monofilament. This, I suggest, could be three months or six months in the future. For example, if announced now it could go into effect in November. Monofilament could be fished until November, but no new net purchased after the date of the announcement.

Then when by law the use of monofilament must cease, the fishermen still in possession of this type of net should be compensated at a just, fair and pro-rated, depreciated rate for all monofilament net in their possession. When this is done, the government should possess the net. Any different or less effective arrangement means the financial ruin of many commercial fishermen not only in my constituency of Prince Edward-Lennox but anywhere in Canada where monofilament net is used, and particularly in the inland, fresh water fisheries of our country. A less costly arrangement might be to allow commercial fishermen to use the monofilament net which they own at the present time until it is worn out, with a final date of permitted use placed on all net of this nature.

[Mr. Alkenbrack.]

Mr. Robichaud: Mr. Chairman, that is a matter for the government of the province of Ontario.

Mr. Carter: Mr. Chairman, I should like to plead with the minister to take advantage of the provisions of clause 3 (1) (a) of this bill for the more efficient exploration of fishery resources, to restrict certain inshore fishing grounds for the sole use of inshore fishermen and prohibit their use to deep sea draggers. The inshore fisherman is equipped with small boats which cannot fish more than 15 or 20 miles offshore. The deep sea draggers can go 200 or 300 miles offshore to the Grand Banks, and it does not seem right that a deep sea dragger should be permitted to destroy these fishing grounds and deny their use to the inshore fishermen who depend on them solely for their livelihood.

The only way to solve this problem is for government to restrict certain inshore fishing grounds to inshore fishermen. I am not saying that this should be done in every case, but in certain cases it is essential that the inshore fishing grounds be restricted solely for the use of inshore fishermen.

The Chairman: Shall the amendment carry?

Amendment agreed to.

Clause as amended agreed to.

Clause 4 agreed to.

On clause 5—*Minister may make payments.*

Mr. Howard: Mr. Chairman, I would ask the minister to consider including in this clause as potential recipients of any payment, processing plants as well as cold storage warehouses. I put this suggestion to the minister and ask whether he considered it in the drafting of the legislation. If he did, what are the reasons for not including it? If he did not

consider it, will he now consider including processing plants as being corporate elements eligible for payment under this particular clause?

Mr. Robichaud: Mr. Chairman, the matter of including processing plants was fully discussed and considered, but after consideration it was decided that we could not include them under this act. In most provinces, if not in all, assistance to processing plants is a matter of provincial responsibility. We had specific reasons for including cold storage warehouses, because our inspection requirements will have the effect of making many cold storage companies and owners of cold storage facilities add further equipment to their plants. This was the reason we included cold storage. We have had many representations to this effect.

Mr. Howard: Mr. Chairman, the minister said that processing plants were not included because of provincial responsibility. I believe that was the word he used. Does this mean that it is his view that payments to processing plants would be a matter of provincial government jurisdiction under the constitution, and it would be ultra vires the parliament of Canada to enact any such change?

Mr. Robichaud: I cannot answer that question, but I would bring to the attention of the hon. member clause 3(c), which refers to the development of new fishery products and projects for the improvement of the handling, processing and distribution of fishery products. This clause would in many cases assist fish processing plants, particularly now in view of the amendment which has just been approved.

Mr. Howard: Is the minister saying that it is unnecessary to include the words "processing plants" in clause 5?

Mr. Robichaud: Yes, this is my understanding.

Mr. Howard: Why not put in the words "cold storage warehouses" in the first part of clause 3?

Mr. Robichaud: Because it is our intention to have a special type of assistance available for cold storage in the regulations under the act.

Clause agreed to.

Clause 6 agreed to.

On clause 7—*Advisory committees.*

Mr. Patterson: I should like to ask the minister whether the establishment of advisory committees would be done on a provincial basis, or on an area basis, or would it be based on particular interests such as fisheries development or some other phase of the industry?

Mr. Robichaud: The appointment of such committees could be on a provincial, regional or area basis, depending on the project that would be considered. We will take into consideration the need of certain provinces or regions in appointing such committees.

• (10:40 p.m.)

Mr. Carter: In view of what the minister has just said, as far as my own province is concerned I would ask him to keep these committees down to the bare minimum in number. In my province we already have a multiplicity of agencies dealing with the fishing industry. There is an old saying that too many cooks spoil the broth. I think that this is the case to a large extent in my province, where we have a provincial branch of the federal Department of Fisheries, we have the provincial department of fisheries, the fisheries development authority, the provincial fisheries loan board, the fish trades association and the Newfoundland Associated Fish Exporters Limited. On top of that we have the National Fisheries Council of Canada, and we recently set up a committee on centralization and a committee on bait policy. To add to this multiplicity of existing agencies all dealing with the fisheries will make confusion worse confounded. As far as Newfoundland is concerned, I hope that these committees will be kept to the very minimum, but I hope that at least one fisherman will be appointed to each committee because, as I pointed out a few moments ago, I do not think a single fisherman is represented on them.

Everybody knows how to tell the fisherman how to catch fish. Everybody knows how to tell the government to run its business, and what it should do for the fishery industry. The fisherman, who is most directly involved, does not manage to exert any influence at all. If we are going to have committees in my own province, I do hope that the fishermen will be represented on them.

Mr. Barnett: On the point mentioned last by the hon. member for Burin-Burgeo, I was

going to inquire of the minister whether in the matter of the advisory committee he had any plans to ensure that fishermen, among others, would be on it. Perhaps he could indicate what is in mind with regard to the selection of people who might be on that committee?

Mr. Robichaud: Yes, Mr. Chairman. It is our intention to have fishermen represented. For the information of the hon. member for Burin-Burgeo I might say that with respect to recent committees I have selected or appointed representatives of fishermen to be members of such committees.

Clause agreed to.

On clause 8—*Expenditures.*

Mr. Robichaud: There is an amendment that I have asked my colleague the Minister of Transport to move.

Mr. Pickersgill: I move:

That Bill C-145, to provide for the development of the commercial fisheries of Canada, be amended as follows:

By striking out line 36 on page 3 thereof and substituting therefor the following:

"Subsection (2), (3) or (5) of section 3 providing for the payment"

Mr. Howard: Under clause 8, a provision is made that any expenditures under this act will be dealt with by way of appropriation. In other words, the estimates of the Department of Fisheries for subsequent years will contain items relating to whatever projects are to be undertaken during that particular fiscal year. I think that is a commendable way to approach this. It will give parliament the opportunity annually to look at the operation of the act and to assess its effectiveness, and also to propose changes that it is felt ought to be made. I want to say that I think it is the correct way to deal with items of this particular nature. I hope that the first such project will be included in supplementary estimates A of the current fiscal year, when they are presented.

The Chairman: Shall clause 8 carry?

Mr. Barnett: This leads me to the point of asking the minister whether he would care to answer now the question I raised earlier as to whether in fact the passage of this bill would means that additional amounts would be brought forward, or whether the item I mentioned, in the current estimates, is intended to cover everything that might be done under the bill during this current year. If the minister prefers I could pursue this question in the fisheries committee.

Mr. Robichaud: Yes, I would prefer that this matter be pursued in the fisheries committee. I give the hon. member an assurance that this bill would result in the acceleration of an additional number of projects.

Amendment agreed to.

Clause as amended agreed to.

On clause 9—*Regulations.*

Mr. Robichaud: I have a minor amendment also to this clause in order that the regulations may be in line with the amendments proposed earlier. I would therefore ask my colleague the Minister of Transport to move as follows:

That clause 9 be amended by striking out the word "and" at the end of paragraph (a), by relettering paragraph (b) as paragraph (c) and by adding, immediately after paragraph (a), the following new paragraph:

(b) prescribing matters, including matters similar to those required to be specified in an agreement under subsection (2) or (3) of section 3, to be provided for in agreements entered into pursuant to subsection (5) of section 3; and—

Then (c) would follow.

Mr. Pickersgill: I move.

Mr. Howard: Needless to say it is extremely difficult to follow amendments of this sort and relate them to other parts of the bill. I assume this is an amendment consequential upon the previous amendment to clause 3. I would ask the minister if this is a correct assumption. Is this purely a consequential amendment—not an amendment of substance?

Mr. Robichaud: Yes, it is an amendment consequential to the amendment which was made to clause 3 by adding subclause (5).

Amendment agreed to.

Clause as amended agreed to.

Clause 10 agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time? Now?

Some hon. Members: By leave.

Mr. Robichaud moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

Mr. Robichaud: I should like to thank hon. members for their co-operation.

• (10:50 p.m.)

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I wonder if any of the ministers present on the treasury benches tonight is able to tell us what is going to be brought before the house tomorrow, and will assure us that the ministers will be here?

Mr. Pickersgill: Mr. Speaker, before acting for my colleague the Minister of Public Works (Mr. McIlraith) on this occasion, and I hope on this occasion only, notwithstanding what was said by the hon. member for Saint John-Albert (Mr. Bell) earlier in the debate, I should like to say that I appreciate very much the co-operation we have had from all quarters of the house today, and I hope we will have even closer co-operation tomorrow, because we have a rather large menu.

We shall begin with item No. 46 on the order paper, the Export and Import Permits Act; then take No. 50, the Farm Credit Act; then No. 39, which is a tax agreement; then No. 15, the Science Council; No. 4, the Research Council; No. 3, the resolution respecting automotive products; No. 48, the eastern feed grain board; No. 5, the ARDA fund; and the government will reserve the right, which it has under the rules, to bring forward any other bills on the order paper when these are completed.

Further, if the circumstances are such, it will also reserve the right which it has under the rules to alter the order; but we shall try to give as much notice as possible of any alteration, and it is our firm intention to begin with the item standing in the name of the Minister of Trade and Commerce (Mr. Winters).

Mr. Starr: And all the ministers will be here?

Mr. Pickersgill: We will have enough ministers. I think I have given so many safeguards that even Mackenzie King would be proud of me.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

Proceedings on Adjournment Motion

GRAIN—PRINCE RUPERT, B.C.—INCREASE IN ELEVATOR CAPACITY

Mr. Frank Howard (Skeena): Mr. Speaker, we shall have to move quickly from fish to grain because of the grain elevator situation in Prince Rupert. I would like to preface my remarks by reading from the Ottawa *Citizen* of Tuesday, April 19, a statement by the Prime Minister with respect to the revised deficit for Expo '67, revised to an amount of between $82 million to $83 million which, as the newspaper stated, was an increase of more than 70 per cent over the original deficit estimated at $47,534,000. The Prime Minister said with respect to that, and I quote:

> It doesn't seem much out of line, not in view of the rising costs of construction and of the increasing costs of the Performing Arts Centre here.

After many years of work by many organizations in Prince Rupert, by countless individuals, and by myself as member of parliament for the area, we finally got the Board of Grain Commissioners to proceed to call tenders for the grain elevator extension at Prince Rupert. After the tenders were opened and it was realized what the costs of the extension would be, the minister made an announcement that they were not going to proceed with the extension because of what he classified as higher construction costs, higher than anticipated in the original estimates.

I worked out a calculation a moment ago and I find that the tenders for the grain elevator extension were just about 70 per cent higher than the original estimates, almost a parallel situation with the Performing Arts Centre, which the Prime Minister said was reasonable in the light of higher construction costs. It seems to me that that parallel attitude should be reflected in the government's concern with the grain elevator extension in Prince Rupert.

I think the minister, rather than having postponed the matter, really scuttled it, if his remarks as recorded in *Hansard* are to be taken at their face value. Incidentally, when the matter first broke it came about in a rather curious way. I asked the minister about the grain elevator extension on Friday, March 25. On that very same day, when he declined to answer an item appeared in the Prince Rupert *Daily News* indicating that the extension was going to be postponed.

The first thing the following Monday morning I phoned Treasury Board officials who told me the matter was not before them. I

then phoned the minister's office and his officials told me the minister did not make any announcement about it because he was out of town that Friday. No one seemed to know where the announcement emanated from.

The fact is that it did come about and the minister substantiated it on Monday, March 28 when he said, first, that the tenders were too high, and second, that he hoped prices would come down, and that they would wait until prices came down—which I think is a hope beyond realization, if present day trends mean anything. He hoped for a time when he could get better prices for the grain elevator. I took this to mean lower bids or a revised estimate of the engineering in respect of the project itself.

On April 5 the Minister of Finance (Mr. Sharp) made an announcement in the House of Commons about the sharply increased grain sales to Red China, or to the Import-Export Corporation in China, and indicated they would be raised from a minimum of 168 million bushels to a maximum of 280 million bushels over a three year period, and that the contract called for a shipment of 59.7 million bushels of wheat during the first five months of the new crop year.

I thought surely when this announcement was made by the Minister of Finance, the Minister of Agriculture (Mr. Greene), having heard it, would jump up and say that with this increase in sales the government, now seeing the urgent necessity for expanding the grain elevator at Prince Rupert, would give due recognition to the city of Prince Rupert as having one of the finest harbours on the west coast, one which is ice free the year round and is closer to the Orient than the other ports on the lower mainland. I would have expected him to say that the government gives recognition to the city as a rail head of the Canadian National Railways for the grain from the prairies, and give recognition to the fact that during the regime of the Conservative government there was a recommendation that the grain elevator should be developed because of the grain sales. When the Prime Minister made the statement the other day that the Expo deficit was not out of line because of the rising construction costs, I thought that the minister would take the lead from his leader and say that the prices bid on the grain elevator extension in Prince Rupert really were not much out of line, taking into account rising construction costs.

[Mr. Howard.]

I say: Please Mr. Minister, change your mind, and give recognition to Prince Rupert. Let us not delay any longer, or the grain sales will be gone and we will be back where we were in 1951 when the grain elevator did not operate.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, first of all I should like to say that I certainly concur with a considerable proportion of what my hon. friend from Skeena (Mr. Howard) stated with regard to the desirability of the elevator at Prince Rupert and the planned addition. I think it should be made very clear that the project has not in any shape or form been abandoned; it has been postponed for the time being. I should point out that the bids were some 70 per cent higher than the estimated price, and surely by no stretch of the imagination can this increase of 70 per cent for the facilities be deemed to be meaningless.

I would point out that the rescheduling of the construction of the proposed extension to the elevator will not affect the movement of the grain from that port since shipping schedules can be maintained by the regular staff working over-time and by the hiring of additional temporary labour. So, despite poisoned pen letters being circulated, this will not affect the movement of grain from the west.

• (11:00 p.m.)

By the same token I think that an efficient handling at Prince Rupert through the extensions that were planned is very desirable for the future. I point out that the proposed extension was intended primarily to provide additional working space, so that while one ship was being loaded preparation of the cargo of the next ship to be unloaded could take place in a routine manner, at the same time and with the same staff and equipment. Therefore, from the standpoint of grain handling, what this will mean is that there will have to be more overtime and more labour than now obtains.

There is no shadow of a doubt, apart from the fact that the bids were vey high, that the postponement of this project was part of the government's over-all commitment to hold the line because of inflationary trends. It is only common sense that if we are going to hold that line, and the government's intention to hold it to 10 per cent of its commitment in construction is valid, the Department of Agriculture cannot say it will not bear its fair share. It is all very well to

say that we will hold the line in construction, provided the other departments do so and we are allowed to carry on.

To the best of our ability we have tried to cut the construction of all departments by 10 per cent because of our policy to hold down inflation and maintain our cost structure. To the best of my knowledge this is the only project of the Department of Agriculture in the province of British Columbia that is being postponed and I do not think it is in any way inequitable. I certainly assure my hon. friend that I share his desire to have this project proceeded with as soon as possible. Certainly as soon as our economy permits us to move ahead again with construction, this will be one of the first projects that will receive serious consideration.

Perhaps I should point out to the hon. gentleman that I have asked my officials to check over the proposed plans in an attempt to see if the costs can be revised in areas where there have been very considerable increases.

NATIONAL DEFENCE—GREENWOOD—REPORTED FIGHT FOLLOWING PAY INCREASES FOR PILOTS

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, in view of the lateness of the hour I too shall be as brief as possible. I do not think I will have any more trouble in switching from fish to "foul" than the hon. member preceding me had in switching from fish to wheat. I use the term "foul" not in terms of a bird, but as an adjective.

On April 1 the Minister of National Defence made an announcement which certainly was foul as far as the greater number of personnel of our air force is concerned, who do not benefit from the latest pay increases given to pilots because of certain conditions. The question I asked the other day, which prompts this further discussion and explanation, was not asked to embarrass the administration of the Canadian forces or any particular administrative officer. It was asked to illustrate the deep, disastrous disillusionment and disappointment of a great number of air force personnel, and personnel of other services, who feel that this is fundamental discrimination.

The principle of equal pay for equal ranks and equal opportunity has apparently been thrown out the window. This will have a great bearing on recruitment in the future. I am sure that every son of an air force officer would like now to go into the forces as a pilot, in spite of the fact that they might have engineering or technical aspirations. With the increase in the pay to pilots would any potential air force recruit go into any other field than flying, provided he could qualify?

I should like also to refer to pensionable pay allowances and make particular reference to the station with which I am most familiar. At Greenwood where the Argus is flown a single flying crew consists of about 16, of which 11 or 12 perform tasks other than flying the aircraft. How can one expect to have teamwork in such a crew when the increased basic pay of the pilot and co-pilot is pensionable, yet the flying allowances paid to the other 10, 11 or 12 are not pensionable? To those men coming to the end of their years in the service and about to retire, this means a great deal in dollars and cents.

The other matter that creates distress and disillusionment in the service is that the maximum increases are given to the older pilots, pilots in the 16-year progressive stage, and not to younger pilots. How can this policy help to keep pilots in the service when in most cases they are already too old to go to commercial air lines? If these commercial air lines really want pilots they will pay $100 a month or more than the service in order to obtain pilots trained by the R.C.A.F.

I think the policy is shortsighted. It is like the Dutchman poking his finger into a hole in the dike to stop the flow of water, when there are other cracks in the dike wall. I would refer to the policy announced by the minister in Edmonton over the week end, and by his department before the week end, with regard to pay for special responsibilities. Did the minister and his department consider responsibility pay before the pay increases were announced, because we have the anomaly of a helicopter pilot on a destroyer earning more in dollars and cents than the captain of the destroyer, or the army pilot of an L-19 training plane receiving more than a Squadron Leader navigator who has flown 8,000 hours all over the world, more than even some hon. members opposite, and a great deal more than some foreign dignitaries who visit this country. Often the pilot of an L-19 training plane has flown only 100 hours.

These are the reasons for distress and disillusionment in the service and it is just rot to say they are not. The minister talks about integration. One could argue that this is one of the last straws to service personnel who wish to make a career of the service.

Dollars and cents is not the only thing that brings them to the service; they are activated by patriotism, esprit de corps and other things. They know they can earn more in dollars and cents in the commercial world but choose to join the service. Then the government introduces this discriminatory policy.

The minister talked about responsibility pay, and I have dealt with the question of pensionable pay and allowances for air crew. The minister has also said this policy is to further integration, but in my opinion it will cause disintegration in the service because it is discriminatory. I hope there is a minister present who will answer this question. You sometimes sit in an empty chamber, such as it is tonight, and think you are speaking in a vacuum. During the Easter recess I had the opportunity to talk to individuals, following protocol, because one has to be careful to follow protocol, and found there is a really deep concern in this connection.

It is only a short time since I came to this house, but I have received telegrams from Rivers, Manitoba, Comox, and of course from many people at Greenwood who wish to make a career of the service but are afraid to do so because of shot-gun announcements like this. It is said that this policy will further integration but, as I say, it is causing disintegration.

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I would answer by simply assuring the hon. member for Digby-Annapolis-Kings that I will bring to the attention of the Minister of National Defence (Mr. Hellyer) the very lucid arguments he has made even at this late hour of the day.

Motion agreed to and the house adjourned at 11.12 p.m.

HOUSE OF COMMONS

Tuesday, April 26, 1966

The house met at 2.30 p.m.

JUSTICE AND LEGAL AFFAIRS

MOTION FOR CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. A. J. P. Cameron (High Park) presented the first report of the standing committee on justice and legal affairs, and asked for unanimous consent to move that the report be concurred in.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, on the matter of—

Mr. Speaker: If the hon. member will wait a moment, I shall first read the motion of the hon. member for High Park (Mr. Cameron). Is the hon. member rising to comment on the motion of the hon. member for High Park?

Mr. Grégoire: Mr. Speaker, it is about the unanimous consent required for the hon. member to move his motion today. I think 48 hours notice should be given in such a case. In view of the fact that a reduction of the quorum of the committee is requested, we do not believe this should be granted.

Mr. Speaker: The hon. member for High Park must have the unanimous consent of the house in order to move this motion. I understand that the hon. member for Lapointe objects to giving this consent, and therefore the motion cannot be presented at this time.

[*English*]

HOUSING

REPORTED SHORTAGE OF MORTGAGE MONEY

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I redirect to the Prime Minister, with slight changes, a question I have asked him on several occasions recently; namely, what is going to be done to meet the serious situation of prospective house builders who require money under C.M.H.C.? I suggest that the Prime Minister has been receiving a great number of messages on this matter. People are being hurt by high interest rates and are unable to get the necessary money. The government should now be in a position to offer some hope, not only to the builders but particularly to those who desire houses.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government has been considering this matter at a cabinet meeting this morning. That consideration will be continued, and I hope to have a statement to make to the house as soon as we have completed consideration of this matter, which I agree is very important. I hope to be able to make such a statement at the end of the week at the latest.

ADMINISTRATION OF JUSTICE

QUESTIONING OF DRAFT DODGERS IN CANADA BY F.B.I.

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, last week the right hon. Prime Minister indicated that the Solicitor General would be making a statement on Monday or Tuesday of this week with regard to Canadian citizens who have been called for military service in the United States due to the fact that at various times they have spent some period of time there. I wonder whether the Solicitor General is prepared to make that statement at this time.

Hon. L. T. Pennell (Solicitor General): I am sorry, Mr. Speaker, and I apologize to the hon. member, but I did not hear all his question. I believe, however, I answered the question yesterday in replying to starred question 1151 on the order paper.

Mr. Douglas: The question I asked and in respect of which the Prime Minister said the Solicitor General would be making a statement had to do with whether the Canadian government intends to clarify the status of persons who believe they are Canadian citizens but who may have spent one or two years in the United States and now are being subject to call for military service. What is the status of such persons; what action should

they take in the event they are called for military service, and what protection have they in the event they visit the United States, where some of them already have been told they will be placed under arrest?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this question is wider than the one which I agreed my hon. friend would take up. This matter has been under consideration, and of course involves an interpretation of United States legislation and the position of Canadians in the United States in respect of this legislation. We had a good deal of experience concerning this during the war when the draft law applied to Canadians. I am not in a position to go further than I have gone at the moment, but we are examining it and I hope to be able to make a statement as soon as that examination is completed.

Mr. Douglas: Mr. Speaker, I have a supplementary question. With reference to the answer the Solicitor General gave yesterday to the member for Vancouver-Burrard (Mr. Basford), this answer would seem to indicate that the press reports with regard to the visit of the F.B.I. agent, Mr. Alfie Gunn, to the Briscoe family are incorrect when they state that the F.B.I. agent was given clearance by the R.C.M.P. before he called on this family.

Mr. Speaker: Order, please. The hon. member may wish to rephrase the question. As he knows, he cannot ask whether a press report is exact or inexact.

Mr. Douglas: Then, Mr. Speaker, may I rephrase the question and ask whether the F.B.I. agent, Alfie Gunn, was given the green light by the R.C.M.P. prior to calling upon the Briscoe family at Port Moody, British Columbia.

Mr. Pennell: I believe my answer yesterday was that there had been no arrangement for Mr. Gunn to carry out the visit that he did carry out.

Mr. Speaker: The right hon. Leader of the Opposition.

Mr. Douglas: Mr. Speaker, I have a supplementary question.

Mr. Speaker: I understand that the hon. member for Burnaby-Coquitlam has a further supplementary question.

Mr. Douglas: The minister's answer is that no permission had been given. I am asking now whether there was any clearance, formal or informal, on the part of the R.C.M.P.

[Mr. Douglas.]

Mr. Speaker: Order, please. I hesitate to intervene at this moment, but I do not think the question the hon. member is asking now is of the type which can be asked and which should be answered at this time. It is a detailed question about an event which already has taken place, and I do not think it involves a degree of urgency which would warrant its being allowed by the Chair at this time.

Mr. Douglas: On a point of order, I am merely asking a question with reference to an answer the minister gave yesterday, which was somewhat ambiguous. I wished the minister to clarify it, and I took it for granted the minister would have that information at hand.

Mr. Speaker: Perhaps the answer would be to put a further question on the order paper.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a supplementary question. Will the Prime Minister and his colleagues, when they are giving consideration to this matter, also take into consideration the terms of the Foreign Enlistment Act, which places heavy penalties on Canadians who are serving in foreign armed forces in countries with which Canada is not at war?

Mr. Pearson: Mr. Speaker, I believe that is another question.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I have a further supplementary question. Has the Prime Minister or the government made any protest to the United States about such behaviour?

Mr. Pearson: Yes, Mr. Speaker. As I have already announced, we have made representations to the United States government in respect of this particular case.

[*Translation*]

DOMINION-PROVINCIAL CONFERENCE

QUEBEC PROPOSALS FOR AGENDA

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister.

Since the Quebec premier has just stated that he must have a strong mandate to enable him to discuss with federal authorities, could the right hon. Prime Minister tell us whether or not Mr. Lesage has informed him of the Quebec claims to be discussed at the next federal-provincial conference?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the agenda for the next federal-provincial conference which is to take place in Victoria in June is still under consideration. We have asked for the views of the various provincial governments as to what might be placed on that agenda, but I am not sure whether all those views have been received, including those of the government to which the hon. member refers.

Perhaps I should point out that this conference is to be a short one of a ceremonial nature, in connection with the 100th anniversary of British Columbia. It is not anticipated that we will have a full agenda for this conference, which will last only two days.

[*Translation*]

[*Later:*]

Mr. Grégoire: Mr. Speaker, may I ask a supplementary question of the Prime Minister?

Has the Quebec premier advised the Prime Minister of Canada that he has special points to discuss at the next federal-provincial conference?

[*English*]

Mr. Pearson: Mr. Speaker, I shall look into this matter and hope to be able to make a statement within a short period of time, regarding the views of the provincial governments, as to what should appear on the agenda of this conference.

ADMINISTRATION OF JUSTICE

STEVEN TRUSCOTT—ANNOUNCEMENT OF SUBMISSION TO SUPREME COURT OF CANADA

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the Solicitor General has kindly forwarded me a copy of the order in council in the Truscott case setting out the decision of the government, namely that the matter be submitted to the Supreme Court of Canada. The supreme court is being asked what it would have done had there been such an appeal, which was in fact denied by one judge, as I recall the circumstances.

In view of the limitations on the supreme court, even taking into consideration the fact that it may hear certain further evidence beyond that already given, does the minister not realize how very difficult, if not impossible, will be the onus resting on the appellant under the circumstances, the law and jurisprudence being what it is?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I took into consideration the representations put forward on the floor of this house by the right hon. gentleman. I might say that we gave meticulous consideration to all representations, and in my humble opinion we reached a conclusion which will meet the purpose, which is, of course, to determine whether Truscott was the victim of a miscarriage of justice. It was in an effort to reach that end that we made this reference to the supreme court.

In view of the fact that the hon. member for Winnipeg North Centre asked a question and received a promise on April 19, I think it would be in order for me now to place on the record the form of review. It has now been decided to refer the case to the Supreme Court of Canada pursuant to section 55 of the Supreme Court Act. The pertinent part of the order in council puts this question to the court:

> Had an appeal by Steven Murray Truscott been made to the Supreme Court of Canada as is now permitted by section 597A of the Criminal Code of Canada, what disposition would the court have made of such appeal on a consideration of the existing record and such further evidence as the court, in its discretion, may receive and consider?

Mr. Diefenbaker: Mr. Speaker, does the Solicitor General not see the difficulty here, that under the rules of the supreme court the limitations on that court are of such a nature as to practically deny any consideration of whether there has been a miscarriage of justice? The suggestion was made that the crown in its wisdom, had it come to the conclusion that there may well have been a miscarriage of justice, could grant a new trial. Would that not have been more appropriate? What were the reasons for the failure to accept that suggestion, since the supreme court has already ruled that there is no appeal.

Mr. Speaker: Order, please. I would think the question posed by the right hon. Leader of the Opposition is argumentative in nature, and I doubt very much if it should be allowed.

Mr. Diefenbaker: I did not want to make it argumentative, Mr. Speaker. I am trying to help in this matter. I have been concerned in these cases myself, and we all know of

serious instances of the miscarriage of justice. A policeman in Montreal was acquitted the day before yesterday after being sentenced to be hanged two years ago.

Is the minister in a position to say why the government is placing the matter before the supreme court in this way, by way of consideration similar to the course followed in the Coffin case? What were the reasons why the government would not give consideration to a new trial? Did the government conclude that it was unable to do so on the basis of the evidence that had been offered?

Mr. Pennell: Mr. Speaker, allow me to say to the right hon. gentleman with the greatest respect that there is considerable difference between the type of reference in this case and that in the Coffin matter. I would point out that this has gone beyond the usual rules relating to appeals to the Supreme Court of Canada. I would with respect draw the attention of the right hon. gentleman—I do not think I need to do so, however—to section 103, I believe it is, of the Supreme Court of Canada Act, which permits that court to make rules to deal with any reference brought before it.

Mr. Diefenbaker: That is right.

Mr. Pennell: We took all these matters into consideration. I give the solemn assurance to the house that after long and anxious consideration we deemed that the reference in this form would be the best way to deal with the question.

Mr. Andrew Brewin (Greenwood): A supplementary question, Mr. Speaker. I wonder whether the Solicitor General could say why, if it was possible under section 55 to refer directly to the supreme court the question of the innocence or guilt of Steven Truscott, the matter should not have been referred directly instead of by way of appeal, which is very limited in scope?

Mr. Speaker: Order, please. I recognize that the question which has been asked by the hon. member for Greenwood does not differ too much from the type of question asked by the right hon. Leader of the Opposition, which I considered to be argumentative to some extent. It does appear to me that we are embarking upon an exchange of views among legal experts in the house. Perhaps we might hear from the hon. member for Kamloops, who wants to ask a supplementary question, but I suggest that his question should not be argumentative.

[Mr. Diefenbaker.]

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I think you will find it is not argumentative at all but is addressed to a related factor, which is this. Did the Solicitor General or the government give consideration to the question of providing counsel to argue the matter for Steven Truscott, and paying the expenses of counsel and related expenses of investigation that are necessarily concomitant to the gathering of new evidence, the submitting of new facts and the obtaining of opinion evidence, and so on? Was this considered, and if so what decision was made as to whether the expenses of counsel in this connection should be paid?

Mr. Pennell: Mr. Speaker, I am satisfied that the government will ensure that Mr. Truscott will not be handicapped by lack of funds in putting his case adequately before the court.

Mr. Stanley Knowles (Winnipeg North Centre): May I ask one further supplementary question, Mr. Speaker. Do the terms of reference as drawn make it possible for the supreme court to hear any new evidence in the case?

Mr. Pennell: With respect, Mr. Speaker, I believe the terms of reference speak for themselves.

Mr. Reid Scott (Danforth): Mr. Speaker, I have a supplementary question for the Solicitor General. Can we interpret the answer the minister has just given to the hon. member for Kamloops as an assurance that the legal costs of Truscott, and the costs of assembling the evidence, will be paid by the government?

Mr. Pennell: No request has been made for legal or financial assistance, but I can assure the hon. member that lack of funds will not stand in the way of Mr. Truscott having an adequate opportunity to present his case.

Mr. Scott (Danforth): Can we get this pinned down? If a request is made—

Mr. Speaker: Order, please. That question has now been asked twice and a reply has been given. I suggest the hon. member should be satisfied.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Solicitor General. In view of the wide interest in the order in council which was passed today concerning Steven Truscott

would the Solicitor General consider asking, through the Chair, for permission for it to be made an appendix to today's *Hansard*?

Mr. Pennell: I will be pleased to do so, and I now formally make such a request.

Mr. Speaker: Is there agreement that the order in council referred to by the Solicitor General be printed as an appendix to *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: For text of order in council above referred to, see appendix.*]

TRANSPORT

INQUIRY AS TO PROPOSED CO-ORDINATING AUTHORITY

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is directed to the Minister of Transport. Will the minister report to the house on the proposed transportation authority which would co-ordinate policy in planning transportation agencies?

Hon. J. W. Pickersgill (Minister of Transport): I know of no such body.

Mr. Thompson: May I ask a supplementary question, Mr. Speaker. I was merely asking whether he could report to the house on the plans. I would add this question, is it the intention of the minister to reveal these plans when he speaks in Winnipeg tomorrow?

Mr. Pickersgill: I have no plans to reveal, sir.

ST. LAWRENCE SEAWAY—EFFECT OF INCREASE IN TOLLS

On the orders of the day:

Mr. Reg Cantelon (Kindersley): I should like to direct a question to the Minister of Transport. In view of the fact that the St. Lawrence Seaway Authority has recently announced its intention to increase tolls by 10 per cent, and the fact that Mr. Charles Gibbings recently stated the proposed increase in tolls on the great lakes-seaway system would add 1¼ cents to the cost of transporting a bushel of grain, will the government give consideration to refusing this increase?

Mr. Speaker: Order, please. I doubt if the question is extremely urgent and should be answered immediately. Perhaps the hon. member may give some thought to placing it on the order paper. The urgency of the question is not readily apparent to the Chair.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. David Lewis (York South): I should like to direct a question to the Minister of Trade and Commerce, of which I gave him notice yesterday. Has it been drawn to the attention of the minister that persons making application to the office of the Civil Service Commission in Toronto for work as census takers this summer have been instructed to apply through their member of parliament or through the local Liberal organization? If so, does the minister approve of the practice?

Mr. Speaker: Order, please. This question should be placed on the order paper.

Mr. T. S. Barnett (Comox-Alberni): A question for the Minister of Transport. I should like to ask the minister whether he has abandoned his responsibility for making announcements about extensions of airport runways to one J. R. Caldwell, who is described as being an area director for the Liberal party.

Mr. Speaker: Order, please.

NATIONAL DEFENCE

INQUIRY AS TO FURTHER REDUCTION IN STRENGTH OF ARMED FORCES

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is addressed to the Prime Minister in view of the absence of both the Minister of National Defence and the Associate Minister. Has the government arrived at a decision to further reduce the strength of the armed forces by 10 per cent to conform with the realities of recruitment and the present strength?

Right Hon. L. B. Pearson (Prime Minister): I will be glad to discuss that matter with the Minister of National Defence.

INCOME TAX

GERDA MUNSINGER—DEDUCTION OF TAX ON PAYMENTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of National Revenue. Has the minister an answer to my national sixty four dollar income tax administrative question, of which I have given him notice?

Inquiries of the Ministry

Hon. E. J. Benson (Minister of National Revenue): As I recall this question, it was one that was raised with respect to the deduction of withholding tax from funds paid to Mrs. Munsinger by the C.B.C. I should like to inform my hon. friend in this regard that section 105 of the income tax regulations dealing with withholding tax for foreigners only applies to services rendered in Canada.

ANNOUNCEMENT OF EXTENSION OF FILING DEADLINE

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address my question to the Minister of National Revenue and ask him whether he has had an opportunity to consider the question I asked him yesterday concerning extending the filing date for income tax returns.

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, I have considered the matter, and in view of the fact that April 30 falls on a Saturday I have decided that personal income tax returns mailed or delivered over the counter up to May 2, that is next Monday, will be accepted as having been filed on time. I have instructed the officers of my department to this effect.

ROYAL CANADIAN MOUNTED POLICE

NOVA SCOTIA—ARREST OF MEMBER OF FORCE

On the orders of the day:

Mr. Robert C. Coates (Cumberland): I have a question for the Solicitor General. In view of the fact that Corporal Harry Sutherland of the Royal Canadian Mounted Police has pleaded guilty to the armed robbery of a bank at Trenton, Nova Scotia, is an investigation being initiated or continued into his possible involvement in armed robberies which have occurred recently in Nova Scotia, especially the one at Stewiacke, Nova Scotia, last year?

Mr. Speaker: Order. The Chair hopes that the question is hypothetical.

SPORTS

CANADIAN APPLICATION FOR WINTER OLYMPIC GAMES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the fact that the minister of health is attending the international Olympic committee meeting in Rome, has he anything to report regarding whether Canada has been successful in its bid for the winter games?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, but I am expecting a report at any moment.

[*Translation*]

FINANCE

EFFECT OF POSSIBLE U.S. TAX ON TOURISTS

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, may I direct a question to the Minister of Finance?

Is the minister able to confirm the assurances given by Mr. Saulnier, last Friday night, to the municipal council of the city of Montreal to the effect that the $100 tourist tax would not be collected in the case of American people coming to Canada?

Mr. Speaker: I suggest to the hon. member to put this question on the order paper.

[*English*]

FISHERIES

LAKE ERIE—REQUEST FOR STABILIZATION OF PRICES

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont.)): I should like to direct a question to the Minister of Fisheries. In view of the disastrous drop in the last few days in dockside prices for fresh water fish along the north shore of Lake Erie, can the minister inform the house whether the government is taking any action to stabilize these prices at a level which will provide some profit to these fishermen?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, the matter of the substantial drop in the price of fresh water fish from Lake Erie was also brought to my attention a few days ago by the hon. member for Essex South and by the manager of the Fisheries Council of Canada. This drop is mainly due to an unusual carryover from last fall. If official representations are made by the fishermen and by the fish processors to the Fisheries Prices Support Board, the matter will be investigated at once.

EXTERNAL AFFAIRS

RHODESIA—REQUEST FOR REPORT ON COMMONWEALTH MEETING

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the minister of external affairs. I asked the minister a question on April 22 in regard to the meeting of the commonwealth representatives concerning Rhodesia, and he said he had had no report at that date. Perhaps he has received a report by now, so may I ask him whether he will tell the house what transpired at the meeting, and whether any suggestion was brought forward at the meeting on which Canada might be acting with regard to imposing sanctions against South Africa and Portugal in order to restrict their dealings with Southern Rhodesia?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the meetings of the sanctions committee, by their very nature, of course must remain confidential. However, I may say that the kind of question raised, can only be decided by governments and is not the kind of question which normally forms part of the agenda of the sanctions committee. That body deals only with the operation of directives, and regulations based on those directives which are now in force.

Mr. Churchill: May I ask a supplementary question, Mr. Speaker, because although the answer may have been clear to other members of the house, it was not clear to me. In view of the fact that we are going to consider the Export and Import Permits Act in just a few minutes, and as guidance to the house, can the minister inform us whether the government intends to extend to any other country the sanctions now applied under that act to Rhodesia?

Mr. Martin (Essex East): Mr. Speaker, that is a highly hypothetical question. If that situation should arise the government will have to examine the facts in the light of whatever circumstances are presented. What my hon. friend is asking the government is, if such and such a situation develops what will be the government's policy?

Mr. Winkler: Nonsense.

Mr. Martin (Essex East): My hon. friend knows that is not a proper question.

Mr. Churchill: A further supplementary question. I want to protect the Minister of Trade and Commerce, who will be dealing with this act in a few minutes. I would rather ask the minister of external affairs whether any action is contemplated under that act than the Minister of Trade and Commerce, who will tell me that he must refer the question to the minister of external affairs.

I now ask the minister again, is any action being contemplated by the government under the Export and Import Permits Act?

Mr. Speaker: Order. The Chair would be inclined to support the Secretary of State for External Affairs in his suggestion that the question is hypothetical. In any event the minister has given a reply which, though it may be unsatisfactory to the hon. member, is the reply which he has to accept.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to ask a supplementary question. I inquired the other day about importations from Rhodesia, and I had before me an advertisement regarding Rhodesian canned beef. I asked whether there were importations into Canada of this beef, and I think it was the Prime Minister who said he would look into the matter. That question was not hypothetical. The Secretary of State for External Affairs might now give the answer.

Mr. Martin (Essex East): Mr. Speaker, my right hon. friend is quite right; that was not a hypothetical question, but as far as I can find it was not one that was based on fact.

Mr. Diefenbaker: All I have to say about that, Mr. Speaker, is that one can go into any store and buy this beef. So the question was based on facts. I should like the minister to become a little more observant.

PRIVILEGES AND ELECTIONS

INQUIRY AS TO PRESENTATION OF FIRST REPORT OF COMMITTEE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to address a question to the hon. member for Northumberland-Miramichi in his capacity as chairman of the committee on privileges and elections. May I ask him when he intends to present the first report of that committee, the decision about which was made some time ago?

Mr. G. Roy McWilliam (Northumberland-Miramichi): Mr. Speaker, a request has been made for accommodation for the privileges and elections committee to meet, and when the space is allotted this question can be raised at that time.

Inquiries of the Ministry

[*Translation*]

FINANCE

REDUCTION IN DEPRECIATION ON AUTOMOBILE EQUIPMENT

On the orders of the day:

Mr. Fernand E. Leblanc (Laurier): Mr. Speaker, I should like to direct a question to the Minister of Finance.

Has the minister received a telegram from the Association du camionnage de Québec Incorporée, regarding the decrease in depreciation of car equipment, from 30 to 28 per cent, and the 11 per cent tax on the cost of retreading tires?

If so, what was his answer to the telegram?

Mr. Speaker: Order. This question is not very urgent in my opinion. The hon. member could put it on the order paper or discuss it, if he wishes, with the minister.

[*English*]

HIGHWAY SAFETY

RECALL OF DEFECTIVE AND UNSAFE AUTOMOBILES

On the orders of the day:

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, on Friday last the hon. member for Brome-Missisquoi asked some questions in relation to defects which may have existed in respect of Canadian produced automobiles, and I undertook, as soon as I got a detailed report, to furnish him with an answer.

In respect to General Motors Corporation cars, certain Chevrolet and Chevelle 1964 and 1965 models built in Canada and the United States were found to have a potential problem in the accelerator linkage sticking. Any vehicles from United States production in Canada or any of Canadian production sold in the United States will be followed up for corrective action, along with the vehicles produced and sold in Canada.

In the case of the Ford Motor Company, the only vehicles which have had defects discovered were produced in the United States. Those produced in the United States and sold in Canada will be subject to the same rectification procedures that are being followed in the United States by the Ford Motor Company.

In so far as Chrysler Corporation is concerned, the vehicles which have been reported defective relate to United States production. Canadian production is of a different design. So far as vehicles produced in the United States and sold in Canada are concerned, the follow-up will be made by the Chrysler Corporation and corrective action taken.

Mr. Reid Scott (Danforth): In view of what the minister has just said, and in view of published reports that the government has a policy with regard to auto safety, when can we expect a statement outlining in some detail the policy of the government in this whole field?

Mr. Drury: I believe the house is aware that at the present moment attempts are being made, in consultation with all the interested parties, to draft an auto vehicle safety code. These efforts are making some progress. There will be a large scale meeting in June at which it is hoped to secure the co-operation not only of the various federal government agencies concerned but also of the provincial governments and the commercial and industrial interests affected.

CANADIAN NATIONAL RAILWAYS

DISCONTINUANCE OF STEAMSHIP "CANORA" ON WEST COAST

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): I have a question for the Minister of Transport. In view of the fact that the Canadian National Railways has decided to discontinue operation of the steamship *Canora* on the west coast, causing unemployment for approximately 50 men, and in view of the fact that the Canadian Pacific Railway has now decided to operate its motor vessel on this same service, will the Minister of Transport intercede with the C.N.R. to re-employ the 50 discarded employees on the new vessel now being constructed to replace the *Canora*?

Mr. Speaker: Order. The only comment I can make about the question is that the minister has noted the representations made by the hon. member. If further action is required I suggest the hon. member place the question on the order paper.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): A question to the Secretary of State. In view of the pending debate on redistribution can the minister assure me that I will have an answer by tomorrow to questions Nos. 202 and

212, which have been on the order paper since January 24? A dog team would have got here twice in the interval.

Hon. Judy V. LaMarsh (Secretary of State): As I have told the hon. member, these things go from my department to the Chief Electoral Officer, or the Redistribution Commissioner, and then out to the boundaries commission. I presume they come back. But I deny there has been any hold-up in my office. In fact instructions were given that every question was to be answered by the end of the Easter holidays. I know the province of Alberta has a well deserved reputation for efficiency in these matters, and I can only say to the hon. member that I would be happy to join with him as a representative of that province in doing everything I can to get the information he is seeking.

Mr. G. L. Chatterton (Esquimalt-Saanich): Can the Secretary of State advise us whether a transcript of the evidence given before the Redistribution Commission during the public hearings will be available to hon. members in time for the coming debate?

Miss LaMarsh: I am not sure. I do not think such a request has been conveyed to me heretofore nor, indeed, do I know whether this material is in existence. But I shall be happy to take it up with the redistribution officer immediately after the orders of the day have been called.

TRADE

KOREA—REQUEST FOR NEGOTIATION OF AGREEMENT

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is directed to the Minister of Trade and Commerce. Is it the intention of the minister and his department to act on the request of the Vancouver Board of Trade and initiate negotiations with the Republic of Korea with a view to arranging a trade agreement with that country?

Mr. Speaker: Order. This question should be placed on the order paper.

HEALTH AND WELFARE

SMOKING—REPORTED INCREASE AMONG SCHOOL CHILDREN

On the orders of the day:

Mr. Barry Mather (New Westminster): My question is intended for the Minister of National Health and Welfare. In his absence I might perhaps direct it to his parliamentary secretary. Bearing in mind a report from the department of health to the effect that there has been a marked increase in cigarette smoking among Canadian school children, will the minister tell the house at an early date what is happening to his program which is aimed at curbing such addiction?

Right Hon. L. B. Pearson (Prime Minister): I will take this matter up with the minister immediately on his return from Rome.

TRANSPORT

DIGBY, N.S.—PROPOSED CAUSEWAY-HARBOUR PROJECT

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): My question was to have been directed to the Minister of Public Words. I do not see him in his place but I see him toward the back of the chamber near the third row. I wish to make sure he is in his formal position ready to answer this important question, of which I have given him notice. I should like to know whether the minister has received and considered a brief prepared by the government of Nova Scotia on the Petite Passage causeway-harbour project in Digby, Nova Scotia, and, if so, whether he has any plans to convene a meeting of all interested parties immediately in order to explore the feasibility of such a project.

Mr. Speaker: I hope the hon. member will not mind if I suggest that the question should be placed on the order paper.

AGRICULTURE

ASSISTANCE TO NORTHWESTERN QUEBEC FARMERS

On the orders of the day:

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Villeneuve asked me a question with regard to the payment of emergency agricultural relief cheques in the province of Quebec. On looking into the matter further I find he may have been referring to a special relief project in the Lake St. John area. In this particular area the cheques representing the federal contribution are being sent out directly by the federal government and not by the provincial government, as is the case under the more general program of emergency agricultural relief.

The cheques are now in the process of being sent out. I thought I should clear the record in this regard.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I ask a supplementary question.

In view of the fact that payments have not yet been made by the federal government while cheques issued by the provincial government have already been received by the farmers, could the minister let us know how long it will be approximately before farmers can receive these payments?

[*English*]

Mr. Greene: Some of the cheques are going out at the present time. The total payment being made by the federal government in emergency relief to the farmers of this area comes to $989,140. I can assure the hon. member that we shall proceed promptly with the mailing of all the cheques, now that we have the list.

CANADIAN BROADCASTING CORPORATION

REPORTED POSSIBLE STRIKE OF TORONTO PRODUCERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I direct this question to the Prime Minister. Has he had a report that the meeting which took place this morning between the president of the Canadian Broadcasting Corporation and the president of the Toronto producers' association has broken up and that a strike is imminent, the president of the C.B.C. having stated that he would not consent to any arbitration and that the decision regarding the removal of the two producers of "This Hour Has Seven Days" is irrevocable?

Further, will the Prime Minister say whether it is the intention of the government to use its good offices, without in any way infringing upon the act which sets up the C.B.C., to assure that there will indeed be arbitration with regard to this matter for the benefit of the Canadian people?

Right Hon. L. B. Pearson (Prime Minister): I have had no report on that particular meeting yet. As far as the latter part of the question is concerned, if the government can use its good offices in any way which will not constitute intervention in the affairs of the C.B.C. it will, of course, be glad to do so.

• (3:20 p.m.)

EXPORT AND IMPORT PERMITS ACT

AMENDMENT TO EXTEND OPERATION FOR THREE YEARS

Hon. Robert Winters (Minister of Trade and Commerce) moved the second reading of Bill No. S-23, to amend the Export and Import Permits Act.

He said: Mr. Speaker, section 27 of the Export and Import Permits Act now provides that the act will expire on July 31, 1966. The purpose of the proposed amendment is to extend the act for three more years. The act in its present form came into force originally in 1954 to expire in 1957, and was extended in 1957, 1960 and 1963, in each case for another three years.

The act under section 3 provides the authority necessary for control of exports of arms, ammunition and implements of war, and also of atomic energy materials and other strategic materials, in order to ensure that these are not shipped to destinations where their use might be detrimental to the security of Canada or her allies.

The act also provides authority to control the export of materials which become in short supply in order to protect the supply position of Canadian industry. The act provides authority for control of all exports to certain countries listed in an area control list, which includes all countries in the Sino-Soviet bloc.

The act under section 5 provides authority for control of imports of a commodity which is scarce in world markets or subject to intergovernmental allocation. It also provides authority for control of imports of commodities which are under price support in Canada pursuant to acts named in the section. It also provides authority to implement an intergovernmental arrangement or commitment.

The proposed amendment is a simple renewal of the act unchanged in its provisions. These provisions were debated in the Senate on March 29, 1966, during the second reading and discussed in detail in the banking and commerce committee at that time.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, the minister has given us a brief outline of the importance of this act and has indicated that the amendment will be simply an extension of the act for a three year period. Under those circumstances the house could assume that this might be done in very short order but, though we may deal with it expeditiously, nevertheless

we should take a look at the act because it was not discussed at any great length three years ago.

For those who may be discussing this act three years from now and who have the good sense to look at the *Hansard* index to find out what was said on this occasion, I shall list for their advantage something I would have appreciated myself on this occasion, namely, certain references which are helpful to a review of the act. I suggest that anyone wishing to make a survey of the act might look back to *Hansard* of March 16, 1954, page 3065 and following pages, where there is a good indication of the modifications made to the act on that occasion and also a listing of the strategic materials that were then indicated as being prohibited from shipment to various countries of the world.

The second *Hansard* reference I give is March 5, 1957, starting at page 1903. On that occasion there was extended discussion. The history of the act was given at some length by the then parliamentary secretary, Mr. Dickey, who was followed by Hon. Donald Fleming, then opposition critic of the Department of Trade and Commerce who, at page 1906 and following pages, also gave an extensive review of the act.

The third reference I give is May 17, 1960, page 3963, when the act was again extended for a three year period and was piloted through the house by my parliamentary secretary of that time, Mr. Pallett, with the chief critic from the then opposition being the present Minister of Public Works (Mr. McIlraith).

In 1963, when the act again came up for renewal, the amendment was passed without debate. There were certain circumstances obtaining at that time which induced us to push through the act without giving it complete consideration. The government house leader of that time, now the Minister of Transport (Mr. Pickersgill), was floundering a little and, as I usually do when the house is in difficulty, I came to his assistance and we passed the act in a few minutes thus helping him out. There was no debate and consequently the 1963 reference will be of no advantage to anyone examining the act in the future.

However, anyone interested in the history of the act will be repaid by glancing at the 1957 debate. I do not intend on this occasion to give an extensive summary of the act. I simply point out that it is six years since it has been discussed and perhaps the house should take a look at it to see how advantageous it is and whether it should be continued in its present form.

In the debate in 1954 Hon. Donald Fleming and Hon. J. M. Macdonnell criticized the government of that day for its avid desire for power. They thought the act was continuing in the hands of the government more power than was desirable. In 1957 the discussion ran in a somewhat similar vein and it was suggested by the opposition of that period, the Conservative party, that possibly the act need not be continued.

In 1960, when the positions had been reversed, the Minister of Public Works, then in opposition, took the stand that perhaps the act was no longer required. So it is obvious that people change their opinions when they cross the floor of the house.

Originally the act was designed to be used in emergencies. It was a carryover from some of the wartime legislation. When it was revised in 1954 the Korean problem was causing quite a bit of difficulty and so the act had a purpose for emergency situations. Then the act was continued after that time to make provision for problems that could arise due to the scarcity of certain commodities, either on the export or import side, and it had an additional, important purpose, to prevent the export of strategic materials to sensitive areas in the world where trouble might break out. In other words, the act prevents the export of arms, ammunition and base metals that might be useful for war purposes.

• (3:30 p.m.)

On the import side it has not been used as extensively as on the export side but it has been used in order to protect agriculture and fisheries in this country on occasions when it appeared that the market was going to be flooded with commodities which were in good supply in Canada and in the hope that the price level for the producer in Canada would be maintained.

When we reach the committee stage of the bill perhaps the minister could provide us with some details with regard to the operation of this act in recent years. On one occasion in 1954 I believe the act was referred to the Standing Committee on Banking and Commerce. I do not suggest that be done on this occasion because that committee has perhaps enough work to do without having an additional bill put in front of it. However, the convenience in doing so is that the officials could appear before that committee

to give full information on the operation of the act. Perhaps, however, we can obtain sufficient information today from the minister when we are in the committee stage.

I should like to know how extensively the act is being used at the present time, the total of export permits over the last two years, for example, and similarly the total of import permits for that period, also the type of goods affected on either the export side or the import side. Perhaps the minister might have this information available for us when the time comes.

Then I wish to deal briefly with one other aspect of this act. It was never intended for purposes other than those which I have indicated on the export and on the import side. Recently it has been used for the application of sanctions against Southern Rhodesia. When we were debating the subject of Southern Rhodesia in January and February I dealt at some length with this particular aspect of the matter. I wondered whether the Secretary of State for External Affairs (Mr. Martin) was making use of this act for a purpose which never was intended when the act was introduced and when it was modified over the years. There was no suggestion in any of the debates of the past that this act would be used for the imposition of sanctions.

The imposition of sanctions, of course, is one step closer to the imposition of force and you get into very dangerous waters when that is done. When we were discussing this matter with the Secretary of State for External Affairs I suggested that the action at that time should have taken the form of presenting to the house a resolution asking for the approval of the action of the government with regard to Southern Rhodesia. Instead of so doing he made use of this act, with the co-operation of the Minister of Trade and Commerce (Mr. Winters), to impose sanctions. As I said, from the history of the act, which I do not wish to review at too great length, it never was intended for that purpose; it was intended to prevent the export of strategic materials to sensitive areas of the world where warfare might break out. Naturally Canada does not wish to be involved in anything of that nature or be a party to assisting any country or any groups who are about to engage or are engaged in warfare. So the limitation on strategic materials, was imposed for a very definite purpose and of course should be maintained.

On the commodity side, in our interest as a world trader we have endeavoured not to place any restraints in the way of our manufacturers and exporters in the shipping of non-strategic materials abroad. On the import side the use of the act up to the present, so far as I am aware, has been only on occasion when there was a really serious threat to producers in this country. Now, however, we have reached a stage where the act is used as a political arm for the purpose of applying sanctions involving a restriction of trade between Canada and Rhodesia, a restriction of trade in order to compel Rhodesia to take some political action of which Canada approves. Canada expresses its approval of that political action by saying in effect to Rhodesia, we will not trade with you any longer; we will cut off the export of goods to you and the import of goods from you in order to cripple your economy, if we can do so, to the point where you will revise the political situation in your country.

I do not know that the Minister of Trade and Commerce can deal with this particular problem, although he has to carry some of the responsibility, and I realize it overlaps into the field of external affairs. The Minister of Trade and Commerce, however, is the person who is responsible to parliament for the application of this act; he is the one who has to sign the export and import permits and supervise the act. At the same time, as Minister of Trade and Commerce he is responsible for the promotion of export and import trade. Therefore he is rather caught in a vise and has to renounce his good offices as a person in favour of expansion of trade to accommodate the Secretary of State for External Affairs who wishes to apply pressure to a country within the commonwealth for purposes to which this government has given consent.

When the Minister of Trade and Commerce replies, I hope he will give us a little advice with regard to this particular problem. When we reach the committee stage I will ask him one or two specific questions. To give him a little warning I should like to ask him now, and he can reply later, whether the extension of our embargo involving the application of sanctions to Southern Rhodesia was discussed with the continuing committee of NATO with whom I believe we are supposed to discuss any alterations in the lists of prohibited articles which come under the jurisdiction of the Department of Trade and Commerce in administering this particular act. Has there been a discussion with the members of NATO with regard to the extension of embargoes

under the Export and Import Permits Act or have we just been going it alone?

The other question which emerges is in reference to the statement the minister made that certain action can be taken by way of intergovernmental agreement. The intergovernmental agreement between the United Kingdom and Canada concerning Rhodesia, it seems to me, has been rather carelessly expressed in the letters which were exchanged between the two countries. I am wondering whether the Minister of Trade and Commerce is relying entirely on that or is he now placing some reliance upon the action of the Security Council of the United Nations.

• (3:40 p.m.)

I conclude by saying that I think the Export and Import Permits Act serves a useful purpose when it is restricted to those things for which it was designed, the prevention of the export of strategic materials to sensitive areas of the world, and restricting imports when there is some danger to the producers of this country. I do not think it was ever intended, or should be used, for the imposition of sanctions.

Mr. Reid Scott (Danforth): Mr. Speaker, in connection with the bill now before us I had thought and hoped that the minister might have taken the opportunity to give the house a reasonably extensive review of the act in view of the fact that, as the hon. member for Winnipeg South Centre (Mr. Churchill) has said, it has had no real consideration since 1960. During the interval there has been a considerable turnover of personnel in the house and many members are not familiar with the act or its operation. Although this proposal involves merely an extension of the act, it does bring into review the entire statute and indicates the silly manner in which we proceed with legislation in that we are told the night before that an act of this importance is coming up for review. It is to be hoped that in future we can work out a better timetable so that members will know in advance when matters of this kind are to be brought before the house.

I should also like to say how much I appreciated the remarks of the hon. member for Winnipeg South Centre, because those of us who have not been in the house in previous years are not necessarily familiar with this act and his résumé has been very helpful. It was the kind of thing I should have expected from the minister. It is not our intention to delay passage of the bill, but before we reach the committee stage I should like to mention certain things about the act which, after reading it, might cause one to wonder. I hope the minister will be prepared either in his reply at this stage or in committee to elaborate considerably on the operation of the act in those areas in which we indicate we are interested.

The act on its surface appears to be very powerful, giving very wide and uncontrolled discretionary powers to the minister. For example, under the terms of section 3 there may be established a list of goods called the export control list. We should like to hear from the minister what goods are on that list. We will also ask him to inform us as to the criteria upon which this list is based and how decisions are made. We should also like to know what countries are involved in relation to this list and what goods are covered both for import and export purposes. In short, we want to satisfy ourselves that this act is not in fact being used as a screen behind which political decisions can be made and carried into effect.

When one looks at sections 7 to 11 he finds that they give great discretionary powers to the minister in respect of the issuing of import and export permits, import certificates and the altering of permits, as well as in many other ways. Again I hope the minister will tell us something about the operation of these sections and indicate what criteria are taken into consideration. Perhaps he will also state whether or not there is any provision for appeal from decisions which he makes under these sections. In short, perhaps he would give us a detailed rundown of the operation of the act.

Once the kind of information I have asked for is before us we can then proceed to a more detailed examination of this bill. At this point this is all we want to say other than to reiterate that we do not want to hold up passage of the bill but rather to look into it a little more closely to see how it has been operating during the last few years.

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my intervention in this debate will be brief and perhaps it would save time if the minister would answer a question I intend to put to him by merely nodding his head. Having regard to the announcement about individual permits made by the minister on March 1, which will apply in any case to offshore shipments when there is no contract in effect, will shipments to the United States require permits?

Mr. Winters: To what shipments is the hon. member referring?

Mr. Chatterton: I am referring to shipments of copper to the United States and I should like to know whether they require individual permits?

Mr. Winters: Offshore shipments of copper scrap and copper contentrate require individual permits.

Mr. Chatterton: Does that apply to shipments to the United States?

Mr. Winters: Not to the United States, no.

Mr. Chatterton: Thank you. On March 1 the right hon. Leader of the Opposition asked the minister whether the purpose of imposing individual permits was to conserve our own supply and the minister replied, as recorded at page 1942 of *Hansard,* that was the case. If that is so, how can we conserve the supply for Canadian use when no permit is required for shipment to the United States? I can understand the situation if the purpose of the permit requirement is to avoid shipment to countries in the eastern bloc. However, if the purpose of the requirement of individual permits is to conserve our supply, how can this be achieved without imposing similar restrictions on exports to the United States?

I have been informed by a small copper mining company in British Columbia that they are selling their copper concentrate now on the London exchange at a price between 90 cents and $1.02 per pound. I understand it is being sold on the New York exchange at 44 cents per pound and that this is an artificially depressed price. This particular company had a contract at this time so a permit is not required. But that permit will expire within a short period of time, at which time they could be subjected to the requirements of this act and forced to apply for an individual permit. The company may be told it cannot sell on the London exchange in which case, by virtue of the differential in price between these two exchanges, it stands to lose over $7,500,000 per year.

Perhaps the minister will also indicate during our consideration of this bill in the committee stage what the present copper supply situation is in Canada. Is there a shortage created by the demand in the United States, primarily because of the war in Viet Nam, or is there a shortage caused by industrial development in Canada? I hope to obtain answers to these brief remarks and questions either in the minister's reply or when we reach consideration of the bill in committee.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to refer to the point brought to the minister's attention by the hon. member for Winnipeg South Centre (Mr. Churchill) regarding the purposes of this act which I contend has been used in a very illegal way. I refer, of course, to its use in imposing sanctions against the government of Rhodesia.

• (3:50 p.m.)

The hon. member for Winnipeg South Centre pointed out that warnings had been issued in 1954 and again in 1957 that the great powers under this act could be abused. Those warnings were very well founded. Last fall and early this year we had an excellent example of how the power in this act has been misused by the government. As has been pointed out already by the hon. member for Winnipeg South Centre, this government, in particular the Secretary of State for External Affairs (Mr. Martin), has used the act to carry on economic warfare against another country simply because we do not like the form of government there or the method that country used to acquire its independence.

It is quite clear that the act was never intended for that purpose. The minister himself just a few moments ago, when setting out and reviewing the purposes of the act, never mentioned anything of this kind. He went to great lengths to show that the act was to be used for the purpose of controlling the export of war and strategic materials to iron curtain countries and controlling the import of goods in order to protect agricultural and fishery groups in Canada, and the like. Finally, at the tail end of his remarks the minister mentioned that the act was used to carry out intergovernmental agreements.

This matter was argued at length during a previous debate in the house on the subject of foreign affairs. A number of members, the hon. member for Winnipeg South Centre and myself in particular, pointed out at that time that there was no legal basis whatsoever for using this act to apply sanctions against the government of Rhodesia. I will not go into the legal arguments again at this point because they are already on record. However, one argument I might mention briefly is the rule of law known as *ejusdem generis.* This is one of the cardinal rules of administrative law. The minister pointed out the principal purposes of the act and referred to the fact that it is used to carry out intergovernmental

agreements. I have referred to the action taken by the government under this act and that matter has already been dealt with at length As I said, the act was certainly not intended to be used for political purposes and waging economic warfare for political reasons against other countries.

This matter has been raised in the house and discussed at length in the press and other places throughout Canada. It is one of considerable public interest and I am astonished that the government did not take this opportunity of suggesting to the Minister of Trade and Commerce (Mr. Winters) that the act should be amended at this time. If it is the intention of the government to use the act for international political purposes and imposing our will upon other countries with whom we are not at war, although apparently we are engaged in economic war with one country at the moment, I think amendments should have been introduced to make quite clear that this was a purpose of the act.

I am astonished that the government did not bring forward amendments at this time if this is its desire. Certainly parliament has never been given any opportunity of expressing its approval or disapproval of the government's actions against Rhodesia. The government has been very careful to avoid presenting this problem for the approval or disapproval of parliament. Since the government feels so certain that its actions in this regard are right, I am surprised it has not taken this opportunity to give parliament the opportunity to express its view on the matter.

I am amazed that the Department of Trade and Commerce has not seen fit to introduce appropriate amendments to the act at this time. I fully realize that the minister has other things on his mind than international politics as such, which is the job of the Secretary of State for External Affairs. To be perfectly fair, perhaps the Minister of Trade and Commerce did not think of these things when the act was brought forward for renewal. This appears to be the case in any event because in his statement there was no mention of Rhodesia and the use of this act.

Surely the Minister of Trade and Commerce and the Secretary of State for External Affairs should have consulted each other a little more closely before this bill was introduced so that in the future, if the Secretary of State for External Affairs wishes to carry on economic warfare against a country that does not meet his standards and requirements, the Minister of Trade and Commerce, who has the responsibility of administering this act and, under present conditions, the highly questionable orders in council, would at least have the opportunity of saying whether he wanted to be the goat in these matters.

The whole purpose of this act has been abused and perverted and I am most astonished that the government, if it wanted to test the approval of parliament in this regard, did not decide to make it quite clear that the act should be used for political purposes and did not recommend to parliament appropriate amendments. When we reach the committee stage we will certainly have a number of other questions to ask the minister.

[*Translation*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, the introduction of this bill is an opportunity for me to call, if I may, the attention of the minister to the great hardships besetting the Canadian textile industry.

I observe in the provisions of the Export and Import Permits Act that certain rules and regulations as to import permits have been designed to protect agricultural products in Canada. But I am of the opinion—and the minister may enlighten me further on this point—that an effort must be made now or very soon, so that the textile industry may benefit from government protection and assistance.

The minister is certainly aware that a highly important industry is involved, as far as Quebec is concerned. There are textile mills in more than 20 towns in the province of Quebec. Close to 40,000 men and women find employment in them and my own riding, the wonderful county of Sherbrooke, has 12 textile mills.

There is no one in the house ignorant of the fact that, each year, this industry is faced with considerable and gradually increasing problems as a result of imports from Japan, for the past few years from Communist China, and also from the United States and other countries.

• (4:00 p.m.)

Of course, if it must take into account the concept of trade, Canada must also consider selling to foreign countries and accepting goods from them. It is quite simple to deal with the exchange of goods. It is the good old primitive formula of barter.

But what we deplore, Mr. Speaker, is what is happening in the field of textile imports;

when we sell mostly Canadian wheat to some countries, they insist on selling us in return goods which they do not sufficiently diversify and thus send us too large quantities of textile products which are harmful to the Canadian industry.

Take, for instance, the case of Communist China to which we have been selling for some years the Canadian wheat it needs, and from which we accept, in return, goods comprising textile products in a proportion of 75 to 80 per cent.

The minister undoubtedly has information he can refer to; he has access to information sources much broader than mine. But that is precisely the fact which we deplore, and I think that the government should not lose sight of that problem in order to ask those countries to set their own export quotas or grant them limited import permits, taking into account a philosophy, a trade concept to the effect that we should not accept too large a quantity of textile products liable to harm the Canadian production.

The problem is difficult to solve. On the one hand, there are the textile companies which are complaining about foreign imports, something they have been doing for some years. On the other hand, those companies are obliged, in order to meet foreign competition, to increase productivity and have their employees work in almost inhuman conditions, I would say, where the employees have to work under a bonus system and with great speed.

Mr. Speaker: Order. I hesitate to interrupt the hon. member for Sherbrooke, but I take the liberty to remind him of the standing orders of the house dealing with the relevancy of debate, which require that his remarks must be more closely related to the bill under consideration, namely:

An act to amend the Export and Import Permits Act.

The standing orders do not allow us, at this time, to enter into a debate about the provisions of the act itself, namely the Export and Import Permits Act. Hon. members must limit their remarks, as much as possible, to the renewal or extension of that act for a new period of time.

Of course, the remarks made by the hon. member at this time are interesting, but I am sure he will want to relate them in some way to the subject under discussion now, that is the renewal or extension of the said act.

[Mr. Allard.]

Mr. Allard: Mr. Speaker, if I dealt with the point I raised, it is because of the remarks made by previous speakers, namely the hon. member for Winnipeg South Centre (Mr. Churchill), concerning the various problems he raised.

I realize that when you interrupted me, I was speaking more specifically of internal difficulties of the textile industry, but I was just about to relate them to the problem of exports and imports according to permits granted to exporters. It is obviously a digression, but I was intending to come to a conclusion and draw to the attention of the minister the problems of the textile industry as well as the quantity and the number of import licences granted to Canadian importers. I think that too many permits are granted and that there are not enough restrictions in Canada concerning textile products.

That is why I wanted to draw, very briefly, the attention of the minister to that matter. It is the first time I do so and I can assure the minister that the numerous textile workers as well as the heads of companies—there are now 5,000 unemployed—are very heedful of decisions made by the central government along these lines and of the welfare it can bring to people who suffer and need help.

[*English*]

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I shall only take a few minutes to say a few words on the subject now before the house. I feel that the minister, being a Nova Scotian, might feel rather hurt if the members from Nova Scotia did not say anything during the discussion of a measure the minister has introduced. Like the hon. member for Danforth (Mr. Scott), I was rather disappointed that the minister did not take more time with his opening statement. The usual complaint made by the opposition is that ministers take too much time. The Minister of Trade and Commerce (Mr. Winters), like all Nova Scotians, is charming and not antagonistic or obnoxious, so I would have liked to hear a lot more from him. I am grateful, however, for what has been said by the hon. member for Winnipeg South Centre (Mr. Churchill) by way of background to the act and to bring us up to date. He went back to 1954. As the hon. member for Danforth said, this was most helpful to those who are new in the house as well as to some members who have been here for some years but who still perhaps do not have all the information they should have about certain legislation. The hon. member for Winnipeg

South Centre drew the attention of the house to the fact that the present Minister of Public Works (Mr. McIlraith) opposed the Export and Import Permits Act in 1960. It is fine to have this information on the record. I had forgotten about that but I recall now that this was the situation.

Since the minister has spent some time away from the house in the ivory tower circle, he is probably not too familiar with the importance of this measure to his own province. I might mention that during the time the previous government was in power, and I have no doubt since although I am not quite sure, steel rails and other commodities were sold to the government of Mexico by Dosco which operates the steel plant at Sydney, Nova Scotia. I recall that on one occasion, through the actions of the minister of trade and commerce of that time and the right hon. Leader of the Opposition (Mr. Diefenbaker), who was then prime minister, an agreement was signed with the President of Mexico for the purchase of steel rails and other steel commodities.

Someone mentioned that the minister's job is the promotion of trade, and with this I fully agree. I hope the minister will be equally as effective in this portfolio as was the hon. member for Northumberland (Mr. Hees) when he held it. When the minister replies I should like him to advise us what liaison exists at the moment between the officials of his department and Dosco with regard to the possibility of securing more export orders for the steel industry at Sydney. I am sure that the minister, being a native Nova Scotian and up to date with what is happening in our province, realizes that the situation as to steel is alleged to be rather bad. I hope it is not as bad as it would appear to be according to the newspaper reports one reads. I hope the minister will exert every effort through his department to assist Dosco and thereby the employees of the steel plant at Sydney. I was wondering if any recent meetings had been held between representatives of the Department of Trade and Commerce and representatives of Dosco with reference to the possibility of securing more orders.

I can say to the minister that, if we get some good results from him, when the time comes that he decides to contest the leadership of the Liberal party I for one will work hard to get all the Liberal delegates from Nova Scotia attending the national leadership convention to support him. But once he becomes leader of the party we will do our best to defeat him. I am sure we would all be pleased to see the minister in that position. I do not wish to continue these remarks but I should like to remind the minister that we have not forgotten he is a Nova Scotian. We are not forgetting that he is Minister of Trade and Commerce, for as such I am sure there is much he can do to assist the steel industry in Nova Scotia and thereby the workers concerned as well as the economy of the whole province.

• (4:10 p.m.)

The Acting Speaker (Mr. Rinfret): Order. May I remind hon. members that if the minister speaks now he will close the debate.

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, there are one or two remarks I might make in winding up this brief but interesting debate, and may I thank hon. members for their participation and contributions. I found it interesting to listen to the arguments advanced by those who feel that the actions by the government in its program regarding Rhodesia should not appropriately be taken under this statute. I can assure hon. members that this question has been explored by our lawyers who have come to the conclusion that this action does fall within the framework of the statute and so I may say that whatever is being done is being done on a perfectly legal basis.

Some questions were asked about copper. These could perhaps be more appropriately dealt with in committee. If the hon. member for Esquimalt-Saanich (Mr. Chatterton) does not mind, provided he is in the house at the time I will be glad to answer any questions on copper which fall within the purview of this act.

The hon. member for Sherbrooke (Mr. Allard) asked questions about textiles. I am glad to say that the textile industry in Canada is one of the industries which has shown growing efficiency and made great strides in recent years and is now able to stand on its own feet much better than it has for many years. It is competing very effectively both domestically and in world markets.

I am glad to tell the hon. member for Cape Breton North and Victoria (Mr. Muir) that it will be a great pleasure for me to do whatever I can to further the interests of the province of Nova Scotia, both with respect to the exportation of steel or any other products made in that most favoured of all provinces,

with the exception perhaps of one constituency in another province.

In recent weeks we have in fact enabled Dosco to ship a substantial order of steel rails through the instrumentality of the Export Credits Insurance Corporation. I and officials of the department had a number of meetings with officials of Dosco at that time, all of which, I am sure, were satisfactory to them, and for our part it was a privilege to be of assistance in enabling those transactions to be conducted. I think that those who direct the affairs of Dosco will be able to testify that the Export Credits Insurance Corporation has been of substantial help to them over the years and I hope it will continue to be so in the years ahead.

If there are other questions hon. members would like to ask in committee, Mr. Speaker, I will be glad to endeavour to answer them.

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

On clause 1—*Duration.*

Mr. Churchill: Mr. Chairman, I should like to say a few words now we are in committee. The minister relied upon information from the law officers of the crown to the effect that legally the government was within its rights in using this act with regard to Southern Rhodesia. But the point which we were making was that the act was never intended originally, at least up until 1965, for the purpose which has now been attached to it. That was the point we were making.

I still think, despite the opinion of the law officers, that the government should have used a different method when it was breaking new ground in the imposition of sanctions. This is the only time in Canada's history that sanctions have been applied except for wartime, and certainly this particular act was never envisaged for that purpose.

May I relate to the house what the parliamentary secretary of the day, Mr. Dickey, had to say in response to those who were criticizing the government in 1954 for asking for these powers which at that time the members of the opposition thought should be curtailed. As reported at page 3156 of *Hansard* for March 15, 1954, the parliamentary secretary said:

> The final point made by the hon. member for Greenwood—

[Mr. Winters.]

That was Hon. James Macdonnell.

> —was to ask me whether or not the need for this power has disappeared, and to what extent that meant this power was being retained and re-enacted simply because it is nice to have powers. I can tell him that that is not correct.

Note these words:

> The limited use of those powers is not properly the test of the need of the powers, but it is a test of the manner in which the powers have been used. It indicates, I think, the restraint and the care that have been brought to the exercise of these powers.

Those who were criticizing the government of that day from this side of the house were correct. They were fearful that the government would perhaps use these excessive powers in the wrong way. Constantly when we were talking, as we were in that decade, about excessive powers in the hands of the executive we were assured that, of course, the government of that period would never think of exceeding its powers. However, Mr. Chairman, if I may digress for one sentence, this shows the value of an opposition drawing attention, in the course of debate on legislative items, to the dangers that are inherent in legislation unless the drafting of bills is carefully considered.

Those who spoke against this measure in 1954 were certainly doing a service to their country. What they feared has happened. The government has used this act in a way that was never intended and it has extended immeasurably its powers under the act.

May I make one other reference, in this instance to the debate on May 17, 1960, as reported at page 3964 of *Hansard*. The present Minister of Public Works was then speaking and in a short paragraph had this to say:

> I think all hon. members will agree that this type of legislation is not the type of legislation which is desirable in our parliamentary system and that, were it not necessary, it should not be brought forward. I think hon. members will also have to agree that world circumstances being what they are today there is not much alternative left but to grant an extension of this arbitrary power given to the government to control exports for certain purposes and to control imports for certain limited purposes set out in the act.

When he spoke on that occasion he saw dangers in this act at a time in 1960 when the world situation was disturbing because of the intensification of the cold war. He reluctantly agreed that the act should be continued in force but he did place emphasis on the limited purposes set out in the act for the control of imports, with which he dealt at some length later in his speech. However, at that

time nobody envisaged the use of the act in the way in which it is now being used for the imposition of sanctions and the complete cessation of trade with Southern Rhodesia.

At this stage I want to express my thanks to the minister for a letter he sent me on March 10 in answer to certain questions which I put before him on March 1 when we were considering his estimates. I have received from him a full reply to the questions I asked on that occasion.

• (4.20 p.m.)

Let me summarize the questions and the answers. I asked about the situation with regard to imports from Southern Rhodesia. In three stages the government reached the point at which it excluded all goods of Rhodesian origin. In reply to the question whether Southern Rhodesia had been properly placed on the area control list the answer was, yes. This had been done on December 20, 1965. May I ask the minister in connection with some of these problems whether there has been any evasion of export and import controls with regard to Rhodesia? My second question—I think I will end my consideration of Rhodesia at this point—is this: Is the minister about to use this act in order to pursue a program of economic sanctions against any other country?

Mr. Winters: I am not clear as to the purport of the first part of the question. Would the hon. gentleman mind repeating it?

Mr. Churchill: I was asking whether there had been any evasion of export or import controls with regard to Rhodesia. The Leader of the Opposition indicated there were articles for sale in this country which obviously originated in Rhodesia.

Mr. Winters: I am sorry; I understood the word as "invasion". I heard the exchange between the Leader of the Opposition and the Prime Minister earlier this afternoon but I was not aware of the reported evasions. Nor am I aware of any other evasions. There could possibly be some but I am not aware of any. So far as I am concerned our application of controls under this policy with respect to Rhodesia is working.

The second part of the question was whether or not the government intends to use this act to apply sanctions to any other countries. I must say I am not aware of any such intentions at the moment. I am not equivocating. It is just not a matter which has come up for consideration.

Mr. Nesbitt: I gather the minister is relying on the particular section of the act which refers to intergovernmental agreements for the imposition of this economic warfare on Rhodesia. Would the hon. gentleman indicate to us whether the intergovernmental agreement to which I presume he is referring is the agreement between Canada and Great Britain or whether it relates to the resolution passed at the United Nations to which Canada was a party?

Mr. Winters: I am not as fully versed in all the legalistic implications of this statute as the hon. member for Oxford is. But this action falls legally within the framework of that part of the statute which deals with intergovernmental arrangements and it is related to the intergovernmental arrangement between the United Kingdom and Canada respecting the program of exports to and imports from Rhodesia.

Mr. Nesbitt: I have here the order in council. One of my hon. friends has been good enough to pass me a copy. It does refer to the intergovernmental arrangement between Britain and Canada dated November 26, 1965.

As I recall it, when this matter was being discussed on a previous occasion in the house it was requested that further particulars of this intergovernmental arrangement be made available to hon. members. I believe the communications were tabled and, to the best of my memory, rather than constituting an agreement between the governments of Canada and the United Kingdom the correspondence involved a pious expression of hope on the part of the United Kingdom that Canada would fall in line with some kind of arrangement to provide for economic sanctions against Rhodesia. Again, this becomes somewhat legalistic, but if the minister and his colleagues are relying on this section of the act to implement economic sanctions against Rhodesia it seems to me an intergovernmental agreement should be clarified by an exchange of notes or some formal, signed document rather than being, as I recall it, a mere expression of hope that Canada will conform with the wishes of the government of Great Britain.

This is probably one of the principal reasons why a number of members of this house have felt that these actions have, certainly in a technical sense, fallen short of strict legality. Moreover, as my hon. friend from Winnipeg South Centre has pointed out, it was

made perfectly clear when this act was passed in the first place, and in the debates which took place in the house not only then but on later occasions, that these discretionary powers were only to be exercised with great care and in a very limited way. But here we have the government of Canada taking a brand new step on foreign policy, one having nothing to do directly with the Department of Trade and Commerce, in other words, declaring economic warfare against a country because they do not like the method by which it obtained its independence or because they do not like the internal policies of its government and using this particular act as an instrument. I submit it is most improper not only legally but morally for the government to use an act which was clearly to be used in the most limited way for the purpose of carrying out foreign policy, and taking a brand new step in foreign policy at that.

Certainly such a course was never envisaged in all the debates which took place when this measure was up for discussion over the years. I am sorry in a sense that the Minister of Trade and Commerce is at a disadvantage in this respect. This whole matter concerns foreign policy, a field which is not within the particular purview of the hon. gentleman. However, the act which comes under his jurisdiction is being used for other purposes. It is most improper. It is a pity that the hon. gentleman should have to try to answer these questions. Perhaps he is not in a position to reply to some of them. But I am surprised that when this matter was brought up it was not suggested to him that if it was intended to use acts which came under his jurisdiction for other purposes then at least they should be amended so as to give a much more legal basis for the activities proposed.

Mr. Churchill: Has the minister a list of those countries which come under these controls?

Mr. Winters: Yes, I have.

Mr. Churchill: Would the hon. gentleman read it?

• (4:30 p.m.)

Mr. Winters: Yes, I can give that list. It includes Albania, Bulgaria, China—including Manchuria but excluding Taiwan—Czechoslovakia, Estonia, Germany—Soviet zone only—Hungary, Latvia, Lithuania, Mongolia, North Korea, North Viet Nam, Poland, Roumania, Sinkiang, Tibet, the Union of Soviet Socialist Republics, and now Southern Rhodesia.

[Mr. Nesbitt.]

Mr. Churchill: Is Southern Rhodesia the only Commonwealth and non-Communist country on that list?

Mr. Winters: I think it is safe to say that the character of the other countries is as mentioned by the hon. member.

Mr. Churchill: I am interested in the shipment abroad of strategic materials from Canada. Has the minister anything at hand which would enlighten the committee with regard to the extent of shipments abroad of strategic materials and the countries to which they are going? Has he the number of permits issued for that purpose?

Mr. Winters: I have a quick rundown of the number of permits issued on an individual basis for all purposes. In 1962 there were 8,246 export permits and 178 import permits. In 1963 there were 8,544 export permits and 60 import permits; in 1964, 9,124 export permits and 74 import permits and in 1965, 8,182 export permits and 196 import permits. I do not have them broken down as to the nature of the commodities covered under those particular permits.

Mr. Churchill: If the minister cannot reply to some of these questions perhaps he will follow the course he adopted in March and write me a letter on them.

Mr. Winters: I would be very glad to do so.

Mr. Churchill: I would like to know what has been shipped abroad from Canada by way of arms and ammunition, and to what countries. My second question is, have machines called by the trade name "Shervic" been exported to Israel?

Mr. Winters: I will get the information, although I am not familiar with that code name or trade name.

Mr. Churchill: To enlighten the minister so that he will not have to search too diligently, it was used a few years ago to conceal the fact that the machine was a Sherman tank without the guns on it and it was described to me as being for agricultural purposes, like a tractor.

Mr. Scott (Danforth): Under section 4, for example, in the case of China and the U.S.S.R. with whom we do some trading what are the criteria used by the governor in council in placing countries like these on the area control list? What are the factors the government takes into consideration in making decisions of this type?

Mr. Winters: Mr. Chairman, I shall have to review that with my colleagues in the government. I am not able to give a clear answer which would satisfy my hon. friend in all respects at this time. Perhaps I can inform myself more fully on this and speak to him.

Mr. Scott (Danforth): Perhaps the minister would have the appropriate officials give us some information on the list of goods in the export control list coming under section 3, and with respect to the list of imported goods under section 5.

Mr. Winters: I can give the hon. member some information on that but they are very long lists indeed. Perhaps it would be better if I sent them to the hon. member rather than putting them on *Hansard*.

Mr. Scott (Danforth): There does not appear to be any provision for laying before parliament the decisions which the governor in council makes under sections 3, 4 and 5. Has any consideration been given to providing some machinery for placing this type of information before parliament since it does not appear to be contained in the annual report which the minister lays before parliament under section 26?

The minister will understand that it is difficult to review the act when we are not able to obtain information. I am not criticizing the minister, because the matter is highly involved and technical, but I think the annual report should give the designated items under these various sections so that we can review the operations of the act when discussing the minister's estimates.

Mr. Winters: Under section 26 there is provision for placing a report before the house. The section reads:

> As soon as practicable after the 31st day of December of each year the minister shall prepare and lay before parliament a report of the operations under this act for that year.

Mr. Scott (Danforth): I have the report for the year ended in 1964 before me but it is of a very general type. It lists the total applications received and the total applications granted. It does not enter into any detail and does not provide sufficient information to make a critical analysis of the act. We could get this information every year by way of questions on the order paper but that would clutter up the order paper with long, detailed questions. The minister might consider the advisability of making this information available by some other method. As has already been mentioned, the act gives him quite extensive powers and it is not inconceivable that it could be used as a screen behind which governments—I do not say this one—could carry out decisions which are not economic at all but are essentially political in character. The official opposition has already made reference to this point in connection with Rhodesia. Although our party agree with the action which the government took in the case of Rhodesia, it is an example of what is really a political decision being carried out under an act which was essentially designed for economic purposes.

Is any consideration being given to a form of appeal under sections 7, 8, 9, 10 and 11? These sections give the minister wide powers to grant exemptions both for export and import purposes, and there do not appear to be any regulations laid down respecting the manner in which he does this. Is there provision for an appeal from his decision in cases where exemptions of this kind are granted?

Mr. Winters: I do not believe there is any formal machinery for appeal but people do appeal occasionally. With respect to the hon. member's previous question, he may know that the lists of goods under control are established by order in council. They are tabled and published in the *Canada Gazette* and so are a matter of public knowledge.

Clause agreed to.

Title agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

• (4:40 p.m.)

FARM CREDIT ACT

AMENDMENTS INCREASING AUTHORIZED CAPITAL AND BORROWING CAPACITY OF CORPORATION

Hon. J. J. Greene (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure to amend the Farm Credit Act to increase the authorized capital of the Farm Credit Corporation from twenty four million dollars to forty million dollars and thereby to increase the maximum borrowing capacity of the said corporation from six hundred million dollars to one billion dollars.

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

Mr. Greene: Mr. Chairman, as the resolution states it is proposed to amend the Farm Credit Act to provide an additional $16 million capital for the Farm Credit Corporation

and to increase the maximum borrowing authority of the corporation, from time to time as required, by a further $400 million. The total capital at present is $24 million and the Minister's authority to lend to the corporation is now limited to $600 million. It is estimated that the $400 million which will be provided by this amendment will be sufficient to meet the needs of farmers for a period of about two and a half years.

Mr. Rapp: Mr. Chairman, we are pleased to have this increase in the capital and borrowing capacity of the Farm Credit Corporation because the expenses of farmers are higher than ever before in the history of Canada. When we speak about $1 billion in lending capacity in respect of the Farm Credit Corporation we are speaking of something which a few years ago was not applicable. We did not expect that the Farm Credit Corporation would have to have $1 billion available for the many farmers across the country. However, times have changed considerably.

While I was home over the Easter recess I noticed that some of the land which had been sold by farmers had been sold for amounts which nobody ever expected. For instance, an ordinary, good farm comprising half a section of land had been sold for $45,000. I well remember the years when I bought my first half section of land. At that time the price was $5,000 and it was a very high price to pay. So times have changed.

This increase will help place the farmers in a position to avail themselves of larger amounts to buy land through borrowing from the Farm Credit Corporation. But what about the farmer who is starting out, the young farmer who is perhaps not able to take on where the old man left off? He wishes to go on farming the same as his father, his grandfather and others of his family have done in the past. I think there must be some other solution to the problems of the young farmer. As I said yesterday, there is the high cost of farm machinery and the high cost of living. This applies, of course, to every Canadian citizen.

However, I should like to impress the minister with the fact that there is another side to the picture. The farmer needs not only the opportunity to borrow large amounts of money through the Farm Credit Corporation but also must be placed in a position where he can repay the amounts he borrows from the corporation. This applies to all farmers from the west to the east.

[Mr. Greene.]

Again I should like to stress the second point I emphasized yesterday under other circumstances, that is, that the Minister of Agriculture must take steps to improve the income of the farmer so that he will be in a position to be able to repay these loans.

Mr. Nesbitt: Mr. Chairman, I wish only to add to what the hon. member for Humboldt-Melfort-Tisdale already has said. I should like to congratulate the minister for introducing these amendments which improve the lending capacity of the corporation. I think the Farm Credit Corporation has done a tremendous job over the years. I believe most hon. members in all parties are very satisfied with the manner in which the corporation has operated and the co-operation which has been given to farmers making applications. While some applications perhaps have not been accepted too readily in the first instance, the corporation and its officials have gone out of their way to give every possible consideration to applicants who are deserving. I think this reflects great credit on the corporation and originally, of course, on the minister of agriculture of the day who was responsible for setting it up.

There is one thing I should like to recommend to the minister which I think is quite important. I do not know whether this has occurred to the minister or whether, if it has, he has not been able to convince his colleagues, but I wish to suggest not only that the lending capacity of the corporation be increased but also that the ceiling on the amount of the loans be increased. At the present time the maximum amount of a loan is $40,000. In practice, of course, another $14,000 can be borrowed under the Farm Improvement Loans Act. While this is in a different category so to speak and under another administration, nevertheless farmers can obtain up to $54,000 at the present time.

I think these arrangements were very good when they were made but, as has been pointed out by the last speaker, farm operations like other operations in Canada have changed very greatly in the last few years. Certainly in southwestern Ontario, the part of the country from which I come, farming units have increased greatly in size and area for a number of reasons. I do not wish to take up the time of the committee by going into these reasons. I am sure hon. members know why farm units have increased in size. There are such things as the use of expensive machinery because of the shortage of farm labour, and so on.

• (4:50 p.m.)

The fact of the matter is that because of the increased size of farming units, particularly dairy farms in southwestern Ontario and eastern Ontario, capital costs have greatly increased. Land value has gone up, the cost of machinery has gone up and, as has been pointed out, there is a tendency for farmers to acquire a greater variety of equipment. Various types of farming operations require larger and more equipment. This is particularly true of the dairy industry for the handling of milk and other products.

I hope the minister can convince his colleagues on the treasury benches that further alterations and changes should be made to the Farm Credit Act so that the size of loans to individual farmers can be increased from $40,000 to perhaps $50,000 or $60,000. This would be very helpful to farmers.

In certain parts of Canada there is a tendency on the part of individuals to get together and operate farms on a partnership basis. I have in mind one recent partnership formed in my own area. Under the terms of this act partnerships are only entitled to the same size loan as an individual farmer. Since there is a growing tendency in Canada toward partnership farming operations—fathers and sons, brothers and even friends—using the same equipment, I suggest that the minister should give consideration to extending the size of loan that the corporation can extend to this type of operation as well as to the individual farmer.

Mr. Schreyer: Mr. Chairman, the legislation before us has been anticipated for some time. The proposed increase in the authorized capital of the Farm Credit Corporation from $24 million to $40 million will increase the lending capacity of the corporation and thereby increase the borrowing authorization from $600 million to $1 billion. This is all related to the changes now taking place in the agricultural industry.

The transition that is now taking place in the farming industry is causing an obvious trend toward larger operations. This change in the method or mode of farming has some obviously desirable features but I say with certainty that there are a number of undesirable features as well.

It would not be necessary to increase the amount of loan capital available to the Farm Credit Corporation if we had a better agricultural prices program in this country. Agricultural prices and farm incomes are not as high as they should be in relation to our economy. For this reason I believe it is incumbent upon the government to do something to increase the amount of farm credit available. Farm operators must enlarge the size of their operations in order to achieve a higher economy. Governments at the federal and provincial level have been increasing the amount of credit capital available to farmers and there has been a steady though not alarming increase in debt on the part of farm operators.

Since it is a fact that our agricultural pricing mechanism is deficient and inadequate, we are not in a position to oppose an increase in farm credit. But we certainly want to say that we have some misgivings in this regard because this is a poor substitute for proper pricing and increased income.

The hon. member for Oxford made a plea to the Minister of Agriculture to amend the legislation so as to increase the size of loans available to farm operators. I suggest that a good deal of consideration and study should be given to the possibility of easing the requirements because many small operators are not able to meet them for the purpose of obtaining credit. These are the people who need capital in order to increase their incomes by increasing the size of their operations. I am sure all hon. members who represent farming constituencies realize that the younger generation of farmers are unable to obtain loans from the Farm Credit Corporation because they cannot meet the requirements laid down by the existing legislation.

In addition to the plea made by the hon. member for Oxford, I ask the government to give consideration to the easing of the requirements under the Farm Credit Act. I realize there must be some limitation because if prudence were not exercised the corporation would find itself in a position of extending loans without security and with little likelihood of repayment. This would be just as harmful to the farmers obtaining these loans as to the corporation itself. In conclusion let me say that with certain misgivings we support this proposed legislation because under present circumstances additional farm credit is necessary for a healthy Canadian agricultural picture.

Mr. Olson: Mr. Chairman, I want to say a few words about the proposed amendments to the Farm Credit Act. I am fully aware of the fact that while this is an important change it is a relatively simple one in that it increases

the capital by $16 million, thus authorizing the government to extend the amount of credit available to the Farm Credit Corporation from $600 million to $1 billion. For that reason it may be improper to review all the regulations in respect of the Farm Credit Act.

• (5:00 p.m.)

The minister said that the government anticipates this expansion of the money available to the Farm Credit Corporation will be sufficient for two and a half years. I suggest to him that if the price of land and farm machinery continues to rise as rapidly during the next two and half years as it has in the last two and a half years this extension will not provide the capital required by farmers in the next two and a half years.

I think that perhaps one of the real problems and paradoxes in the extension of farm credit under the Farm Credit Corporation is that every time parliament increases the amount of money available to individual farmers you find there is an almost concurrent or immediately following increase in the price of land. The hon. member for Humboldt-Melfort-Tisdale spoke of the very high price, the almost astonishing price I think he said, paid for a farm in his area. This has happened in almost every other part of Canada as well.

I have come to believe that one of the reasons for the increase in the price of land is that very recently the maximum amount available from the Farm Credit Corporation to an individual applicant was increased. I suggest, Mr. Chairman, that we are partially defeating the purpose of the act in increasing the maximum amount available. I do not believe, however, that the amendment now before us will have this effect because it does not in fact increase the maximum amount available to an individual; it simply increases the over-all amount available to the corporation and will therefore allow them to process and deal with more applications for loans.

I am apprehensive about the suggestion made by the hon. member for Oxford that the time has come again when we should increase the ceiling on individual loans, because I believe that only two years ago there was an increase of 100 per cent from $20,000 to $40,000 under the Farm Credit Act and from $7,500 to $15,000 under the Farm Improvement Loans Act. I do not believe that two years after a 100 per cent increase another increase is necessary. One of the problems that follows these increases and the high prices paid for land and machinery is, of course, that the capital cost, interest charges and other things that a farmer must bear increase substantially.

One of the greatest problems—here I agree with the hon. member for Oxford and the hon. member for Springfield and I believe the hon. member for Humboldt-Melfort-Tisdale also mentioned this—is that we need to be even more concerned about finding ways and means of seeing that farmers have an opportunity to repay these loans. I know that an increasing number of well-established farmers are today getting into financial difficulty and have been for the last two or three years because of the so-called cost-price squeeze.

Every time land, capital investment or the price of farm machinery goes up substantially without a corresponding increase in the farmer's receipts, the cost-price squeeze, of course, becomes even more acute. Therefore I am not in full agreement at the moment that the ceiling per individual application should be raised so soon after the last increase which, as I said, was 100 per cent. Having said that, Mr. Chairman, I fully realize that the capital investment for a farm large enough to produce a reasonable standard of living continues to go up and up and up. Therefore we have to bear in mind that it now takes $50,000, $60,000 or $70,000 of capital investment in land, machinery, livestock and so on for a farmer to have sufficient production to provide a reasonably adequate standard of living.

The situation is perhaps not so difficult for well established farmers who have accumulated the necessary capital, but it is extremely difficult for a young farmer to obtain this amount of capital. If the young farmer does not obtain the capital he is unable to obtain the productivity necessary to provide a reasonable standard of living; his net income is not sufficient.

If we refer to the records of the Farm Credit Corporation we find that the regulations applicable to young people who wish to start farming have perhaps been a little too rigid. In this connection I refer to the matter mentioned by the hon. member for Springfield, namely, that some of the security requirements as to assets are perhaps too high and too rigid and do not allow a young farmer to qualify for a loan. I think the end result will perhaps prove that this is so, because in the Farm Credit Corporation annual report for the year ended March 31, 1965, they show an operating loss for that year of only $529,000. The year before it was

$1,118,000 and the year before that it was $1,080,000. Therefore the operating loss of the Farm Credit Corporation for the last fiscal year for which statistics are available was cut by about 50 per cent.

There is no explanation for this in the report but I suggest to you, Mr. Chairman, that this is a very small amount of the total amount of money lent by the Farm Credit Corporation and perhaps this in itself is an indication that they are not being sufficiently adventurous, or whatever word may be more suitable, taking into consideration the capabilities of young people who want to farm and are placing too much importance upon the firm or fixed assets they may have. Therefore I would urge the minister, in view of this very low loss, to prevail upon the Farm Credit Corporation to be more lenient, if that is the right word, or perhaps they could pay a little more attention to the qualifications and capabilities of young people who do not have a large amount invested in fixed or capital assets which can be put up as security.

At the outset of my remarks I said that I wanted to say only a few words. Perhaps we have strayed a little from the terms of the amendment, but there are a number of other areas respecting the handling of farm credit that ought to be considered very carefully. Even though I may be slightly out of order, Mr. Chairman, I should like to impress upon the minister that we in this part of the house are very concerned about the deteriorating net income of farmers across the country, because from this net income they will have to repay these loans in the future. Certainly we have a responsibilty to look into this question and see whether something can be done so that once the money has been lent there will not be a great many people in difficulty in attempting to pay it back.

• (5:10 p.m.)

Finally, I want to say that there has been an alarming increase in the price of farm machinery. We had a manifestation of the concern in this regard yesterday in the house. I am wondering whether there has not been an increase in the price of farm machinery because the maximum amount available to an individual farmer was raised from $7,500 to $15,000 only a short time ago. I wonder whether one of the first steps the minister could take in connection with this matter would be to have the people responsible for combines investigations look into the situation to ascertain if there have been any agreements made between the various farm machinery companies to raise prices. If there have not been, it seems a little difficult to understand why all of them decided to raise their prices substantially within the last 15 to 18 months. We would hope that there has not been any agreement to raise prices simply because there is more money available. I conclude by saying that I feel the minister has a responsibility to do something to convince farmers across the country that there is some justifiable cause for the very large and significant increase in farm machinery prices which we have noted recently.

[*Translation*]

Mr. Laflamme: Mr. Chairman, I just want to add a few words to support that resolution and point out some problems related to the application of Canadian farm loans.

I know that most civil servants responsible for implementing decisions concerning loans which must be granted to farmers, especially in the Quebec area, are aware of one of the fundamental problems of agriculture as a whole in eastern Quebec, namely the consolidation of farms.

I would like to draw the attention of the Minister of Agriculture to the fact that the civil servants who are responsible for the application of farm loans and who already understand the problem should consider helping the farmers who request loans to consolidate various properties liable to ensure economic operations.

In the past, farms were divided to ensure only the survival of the farmers and those living on the farm. Today, it has become necessary to ensure economic operations. Most farms in eastern Quebec have not been enlarged and besides, considering the cost of farm mechanization, it is absolutely possible to make of all our farms agricultural entities and units capable of giving their owners the equivalent of the average income of industrial workers.

I know, Mr. Chairman, that the Minister of Agriculture is able to understand that problem. It is a problem which, under section 96 of our constitution, comes under federal jurisdiction. Its application is, of course, extremely difficult because it is impossible to talk about expropriation, but I sincerely believe that if special consideration were given to farmers anxious to consolidate their farms, to have farms large enough to be economical, we could thus bring a basic solution to the main problems of agriculture in eastern Quebec.

[*English*]

Mr. Kindt: I have a few points, Mr. Chairman, which I should like to bring to the attention of the minister while the matter of farm credit is before the committee. First, in his view how long will it take before we reach the point when the fund set up under this legislation, which will now amount to a billion dollars, will become a sort of revolving fund? In other words, farmers borrow from the Farm Credit Corporation and each year a certain amount of the money they borrow is paid back. Eventually the farm credit fund should shake down to the point where it is functioning more or less as a revolving fund. When this point is reached it should not be necessary to increase the size of the fund for lending purposes.

The purpose of this bill is to increase the amount of the fund to a billion dollars. I see nothing wrong with that; in fact, I am very much in favour of it. All I am asking is, have the people engaged in the administration of the Farm Credit Act given consideration to the period of time that will be necessary before the funds repaid to the corporation will balance the amount of money lent by the corporation? In other words, the fund would then shake down to a point of equilibrium. I hope that the minister and his officials will provide an answer to that question.

Second, since there is no mention in the resolution that the interest rate of 5 per cent on the first $20,000, which was set in the old act, will be raised, I assume it will remain and that on any amount borrowed at above this figure interest will be charged at thé going rate. I ask the minister if he has any idea what the rate of interest will be on the amount borrowed above $25,000 or $27,000, which if my memory serves me correctly was the amount established in the old act. Has the minister taken any steps to familiarize himself with what this rate will be?

There is one other point in that connection. Because of the recent increase in the cost of farms and the need for capital to purchase additional land to create an economic unit, it is becoming more and more apparent that farmers will have to go over the $27,000 limit, if that was the limit established in the old act. If a farmer does borrow above this limit he will have to pay the going rate of interest. The point I am raising is that the additional interest that will be charged by the Farm Credit Corporation becomes very important to the practical farmer. I shall not hold up the discussion of this resolution any longer.

[Mr. Laflamme.]

• (5:20 p.m.)

I simply wish to say that I think we can see what a sound move it was to set up a farm loan agency and corporation administered by the Minister of Agriculture. It used to be administered by the Department of Finance and I for one spoke against that relationship. I felt all along that it should be under the direction of the Minister of Agriculture and now it is. I hope that its efforts in giving assistance to the farmers will be maximal.

Mr. Herridge: Mr. Chairman, I know the mood of the house is to get this resolution adopted by six o'clock so I am not going to take a great deal of time. I rise to express my complete support for the purposes of the resolution.

I was very interested in the remarks of the hon. member of Humboldt-Melfort-Tisdale. I always appreciate what he has to say because he is a genuine farmer and knows what he is talking about. Whether or not we disagree over other matters, I always know that he has his feet on the ground.

I was also interested in what the hon. member for Medicine Hat said. You might think he was a chemist but that is not the case. He is a farmer who has made a success of farming and knows what he is talking about. The hon. member for Kootenay West is a farmer also and is very proud to be a life member of the Agricultural Institute of Canada. I wrote my thesis on farm credit before the first world war. I do not know whether or not the minister was born then. I also speak as president of the Canadian Tree Farmers Association which is very interested in this legislation.

This is one of the pieces of legislation for which we must give the former government credit for bringing into the house. I believe in giving credit where it is due and speaking harshly when I feel otherwise.

As I said before, Mr. Chairman, I have been interested in this subject since before the first world war. I have studied the practices used in Sweden, Norway, Britain, France and various other places. The first time I spoke on the need for an improved farm credit arrangement was in the house in 1945. I was very pleased, as I have said, when the former Progressive Conservative government introduced the Farm Credit Corporation legislation to supersede the farm loan act.

Mr. Ricard: The farmers were too.

Mr. Herridge: Yes, that is right, and they have expressed their pleasure in many ways, especially in western Canada.

The Farm Credit Corporation Act was introduced, I understand, largely as a result of the experience gained under the Veterans Land Act administration with respect to supervised credit. It is no use extending credit to people unless they have an opportunity to meet their obligations. Credit can only be extended as long as you have an assured production and a reasonably assured income. That is the other aspect of the question which I hope the minister will deal with in the days ahead.

While I am speaking on this subject I should like to give him credit for what he has done in connection with the price of milk. I have heard from a good many farmers in eastern Canada whom I have come to know in recent years that they appreciate the action taken by the government with respect to stabilizing the price of fluid milk. Anything of that sort helps the rural producer.

At this point I should like to say that I think this corporation is well managed. When the old farm loan act was in operation you could get very few loans if you were living in the interior of British Columbia. I am talking about the east and west Kootenay now. I am sure the hon. member for Kootenay East will back me up in this. I have followed very carefully the management policy in east and west Kootenay since this act has been in operation.

Mr. Starr: The hon. member for Kootenay East is not even listening.

Mr. Herridge: He is pretending not to but is taking in every word because he will repeat them later. He knows that what I say is right. I receive newspaper accounts of the hon. member's reports to his constituents and he is quite willing to give credit where it is due. He knows that this act has been of great advantage to many farmers in this country and I am sure he is supporting this resolution.

I have travelled from farm to farm and I know something about land values. I do not talk on any question I know nothing about. I am not a lawyer and I do get out of my depth on legal questions, but I have lived all my life on a farm. I know how farming people think, I know their approach to life, and I know that generally speaking they are somewhat conservative, with a small "c". They can be conservative with a small "c" in matters of finance and yet be socialistic in philosophy, which is a combination some people cannot understand.

An hon. Member: Is that what you wrote your thesis on?

Mr. Herridge: No; mine was based on the quite unorthodox practices of those days, which would consider a farmer as being in heaven with an act like this to cover his credit requirements. I have been on farm after farm, Mr. Chairman, and I must give the corporation management credit for a job well done. They have managed with a sympathetic approach to the farmer's needs, problems and requirements so far as loans are concerned, and I am very glad to see that the minister is continuing in the same vein.

Looking now to the future, we are particularly interested in having a policy that meets the needs of the young farmer. Circumstances are changing. Farms are growing larger in area, necessarily so, in order to be farmed efficiently. I might say that in contrast to the hon. member for Medicine Hat, who speaks for these very large farms and for farmers who ride around on huge combines listening to a radio playing while they are driving, I represent farmers who have had to make their living as a result of their acquaintance with the grub hoe, the crosscut saw and the walking plow. These are different methods of farming which you meet in various parts of our country.

I suggest that what we have to consider are the needs of our young people and relate those needs to the efficient family farm unit. Following the second world war many young men left the farms and went to work in industry because the wages were attractive. However, during the last five to seven years I have noticed a drift back to the farm of these young people, in some cases to their parents' farm and to other farms. They are willing to sacrifice certain material advantages so far as wages are concerned for what I call the farming way of life and the stability and other advantages this life brings with it.

I also suggest that the minister should give some consideration to increasing the amount of loans available to sound partnerships which are farming in most cases a larger area than the average individual farmer would farm. Consideration should be given too to loans to family corporations. Quite a number of farmers have found it to their advantage to form a family corporation, pooling their auditing, bookkeeping, income tax and other

things. I think provision should be made for loans for farming purposes in respect of the total holding of a corporation. I am not talking of large companies or anything like that but of family corporations which operate family farms. In some cases you have a father and three or four sons who have owned individual farms forming a family corporation which they farm as one unit. That is the sort of thing which should be encouraged, and I trust that amendments will be made to the act in light of the experience which has been gained in recent years.

• (5:30 p.m.)

There are some regional problems which bear mention. It is amazing to see the great differences which can occur in this country between farms a short distance apart. I am speaking of my own district and of Fauquier on the Arrow Lakes where Delicious apples are grown which are nice and red, apples which will win prizes in Great Britain or at fairs across the country. However, 50 miles farther north that variety cannot be grown satisfactorily. Twenty five miles to the south, peaches and grapes can be grown commercially. These regional differences can be very localized and I suggest to the management of the corporation that attention should be paid to them. Management would then be in a position to advise young men beginning to farm, or anxious to extend their farming operations, on the basis of this experience of localized differences affecting varieties of fruit, grain and other crops.

I also suggest there could be greater flexibility in the administration of the act to meet particular circumstances of the kind I have outlined. I agree that the management of the corporation have not acted like bureaucrats but have administered the act sympathetically in the interest of the farmers concerned. But I suggest there could be greater flexibility so as to provide for differing conditions which can be found within a comparatively small area.

Finally, I suggest that the management would be well advised to keep in touch with farmers at the local level, not just address the Canadian Federation of Agriculture at its annual convention of the farmers unions at their annual meetings but have the officials go out to the local farmers institutes and union branches to obtain their co-operation in this respect. I have had experience along these lines and I am sure that if the officials get the co-operation of local people who are able and willing to advise on the circumstances which exist in their own area the corporation would become an even greater success than it is today. I am speaking about participation at the local level.

I mentioned this years ago with respect to the National Housing Act. The officials were afraid to go out into the country because they thought they might get involved in questions of policy. However, in recent years they have been giving talks to farmers institutes and similar organizations. They tell the story; they are not as restricted as they were years ago. Their action has been welcomed by the local organizations and communities concerned. It has been of advantage to the corporation as well as to the advantage of the communities and borrowers directly involved.

That is all I have to say now. I repeat that this act has been well administered and that the officials deserve to be congratulated on what they have done to date.

[*Translation*]

Mr. Éthier: Mr. Chairman, I should like to join the other members of the house with regard to this resolution, in asking for an increase in the amount of money assigned to farm credit which is to be made available to farmers.

I also wish to echo some of the recommendations made by other members to the minister. With regard to my own riding, first of all I wonder if it might not be possibe to reduce the initial payment required by the corporation when it agrees to grant a loan to a young farmer, because it is very difficult today to operate a farm unless one has a working capital of $30,000 to $35,000.

According to the act as it now stands, a young farmer needs $15,000 in cash to set up that type of operation. Farmers very seldom have that much money. And so, we lose a great number of highly qualified farmers who, on the other hand, are not as qualified to enter the labour market. They are denied the opportunity of becoming good farmers

Second, in my riding, loans were refused several times under total loan No. 3. To qualify, the farmer must not be over 45 years of age.

Now, I would ask the minister to bring this fact to the attention of the corporation to determine whether it would not be possible to extend the age limit to 50 years. On account of this, we are losing good farmers who have operated small units for some years, but who, because they are refused a loan to enable them to earn their livelihood, are forced to leave their farms.

Another point I should like to bring to the attention of the minister concerns the maximum which was increased two years ago from $22,500 to $27,500. To my mind, a small increase to $35,000 at 5 per cent interest would be desirable, in view of the recent amendments to the act. As a result, a larger number of farmers could qualify for a loan. I think this is the only way a farmer can obtain money to settle on a farm. Nobody lends money to farmers nowadays, except the Farm Credit Corporation. It is desirable to improve the act so as to enable the majority of farmers to benefit from it.

Aware of the good sense of the Minister of Agriculture—I believe that his riding is similar to my own riding of Glengarry-Prescott and that the problems I am bringing to his attention have already been brought home to him by the farmers of his own riding—I shall rely on him to intervene with the corporation so as to solve these problems satisfactorily.

[*English*]

Mr. Pugh: Mr. Chairman, I believe the committee generally is agreed that there should be an increase in the borrowing capacity granted to the Farm Credit Corporation. There is no question about that. I enter this debate to say that I am very pleased this action is being taken.

• (5:40 p.m.)

I will confine my remarks to support for what the hon. member for Oxford has said. In future the minister might well consider increasing the maximum size of the loan. Expressing another opinion, the hon. member for Springfield told us that in his opinion the loan ceiling might be lowered. I believe one important factor was overlooked by those putting forward arguments in favour of both a higher and a lower figure, namely, the, fact that the staff which serves the Farm Credit Corporation is made up of extremely able and dedicated civil servants. This has been shown throughout the years. In other words, regardless of the ceiling the loan has to be based on a good background. Otherwise no loan is made, and that is all there is to it. It does not matter whether the application is well below the ceiling or above it. The field staff take a look at all applications and deal with them promptly and efficiently.

In the Okanagan I had occasion within the last ten days to listen to the manager of the Farm Credit Corporation for the province of British Columbia, as did a number of extraordinarily good orchardists, and we were all exceedingly pleased with the manner in which he explained the corporation, its aims and objectives, and how applications were handled. He satisfied us with his well prepared speech and with the easy and able answers he gave to all questions, no matter how difficult. Incidentally, in that area many of the questions were difficult because many applications have had to be turned down.

The reason I am stressing this is that with the growth of farm units in Canada over the last number of years, with the increased cost of farm machinery, so ably stressed by the hon. member for Humboldt-Melfort-Tisdale, and the resulting increased capital that has to be put into a farm, it may well be necessary for the minister to examine the question of increasing the maximum amount of loans that can be made. The hon. member for Oxford emphasized the dairy industry as one requiring exceedingly large capital to finance it. No doubt this will be pointed out to the minister by his staff.

But once again I would point out that no matter what maximum is fixed, and I believe the present maximum is a fairly good one, the staff of the Farm Credit Corporation are not going to turn all the money loose and say: Farmers, come and get it. They will ask what kind of units farmers have, the purpose for which they require the money, and then with their experience in all fields they will help them.

From its inception the corporation and its method of making loans have been far superior to the old farm loan board. The statute was introduced by a Conservative government and it is one of the better ones we have in Canada.

Mr. Rynard: Mr. Chairman, I have just a few words to say about the Farm Credit Corporation which was set up by the previous government and which on the whole has worked very well. I am all in favour of increasing the amount of money. This is absolutely necessary in the high cost, high production age in which we are living, with the high cost of buildings, machinery and equipment.

One thing which concerns me is that it appears to be much harder for a small farmer to get a loan than a big farmer. I know a few cases in point. I shall not go into detail on them but one in particular, a dairy farm, seems big enough to me to be able to guarantee the loan sought. The buildings and equipment are good for half the loan and the land without the buildings is almost worth the

other half. I wonder whether there is a tendency to go against the small farmer because of his smaller productivity and not take into account the help he receives from his family growing up on his farm.

On big farms there is the labour factor involving the cost of wages but in the particular case I have in mind the farmer does not have to employ any labour at all and so has a terrific advantage. I ask the minister to examine this point. Surely we want to keep our young boys and girls on the farms in rural Canada. Surely we do not want to discriminate against the small operator if his productivity is sound. Mistakes have been made in this regard and I think I can prove the point. A small farmer with a milk contract and family help can have an economic unit.

The milk of human kindness should be showered upon the small farmer. Otherwise he is the fellow for whom we will have to dig into our purses in order to rehabilitate him when he moves off his land. We will have to buy his land when we should be trying to keep him on it.

Mr. Rapp: Surely the minister is going to give a short reply.

Mr. Greene: Mr. Chairman, first of all, I wish to thank hon. members who, with their constructive and valuable contributions, have helped me in respect of the suggestions they have made with regard to the administration of the act. On behalf of the officials of the Farm Credit Corporation I also acknowledge the pleasing comments made by members on all sides about the efficiency of their administration. There were one or two specific questions which did not involve policy and which I might answer. Though there were many suggestions in the policy area with which I might personally agree, needless to say questions of policy are a matter of cabinet responsibility.

The question was asked what size the fund would have to be in order to become a self-sufficient revolving one. I believe it was the hon. member for Macleod who asked that question. At the present time 27 per cent of the funds that are available for lending come from repayments by farmers. The rest comes from additional capital such as that which we are providing here. The officials of my department estimate that the fund will become a fully self-sustaining revolving fund when it is in the neighbourhood of $2 billion. I am not actuarially sure of this figure but it is the best estimate my officials can give.

The hon. member for Macleod also asked a question with regard to that part of the repayment bearing an open interest rate rather than the fixed rate, in other words, in relation to the excess above $20,000 under Part II and above $27,500 under Part III. The rate has to be approved by the governor in council and now is approved at 6⅜ per cent which I think is probably under the market in most other areas but certainly is above the 5 per cent paid on the first portion of the loan.

• (5:50 p.m.)

Useful suggestions have been made from all sides of the house. May I say that since my term of office as Minister of Agriculture commenced I certainly have been most fortunate in receiving co-operation from all sides of the house, not on a partisan basis but apparently in all cases because of what hon. members felt was in the best interest of the farming community. I may say this is something which has been most heartwarming and encouraging. Not only in respect of this house where I would expect to find that kind of co-operation but also in working with the provincial departments of agriculture and provincial organizations I may say that universally I have found this same spirit. All persons engaged in public life, both at the political level or at the level of public service, provincially and federally, seem very anxious to work in the best interest of the agricultural community.

At no time have I had any impediment in doing my job because of anyone acting in a partisan rather than a public spirited way on behalf of the farmers. If I do not succeed in doing an adequate or satisfactory job on behalf of the agricultural community, certainly I will have no cause for complaint that it was because of lack of co-operation or lack of good will on the part of persons of other political stamp who are involved in the problems of agriculture. I do wish to thank hon. members not only for their co-operation in respect of this bill but also for the very valuable help and the suggestions I have received from them at all times in respect of agricultural problems.

I was extremely interested to hear suggestions such as that with regard to the partnership aspect and the possibility of increasing the loans in respect of partnerships. I said earlier that family corporations now are eligible for loans. Off the top of my head may I say I really am not familiar with whether the loan is increased by reason of the corporation

aspect. To the best of my knowledge I think that while a family corporation is eligible for a loan it is eligible only for the present maximum loan which an individual could obtain.

If I understood it correctly, I think the suggestion made by several hon. members was that partnerships and family corporations should have available to them larger loans because of the number of persons or the number of families involved, the size of the holding and the number of viable agricultural units which would comprise that holding. I shall be very interested to look into this aspect of the matter because I think these are very worth-while suggestions.

I was also very interested to hear of the concern of hon. members with regard to young people going into farming and the availability of more ready capital and the possibility of making farms available to them by means of a lower down payment through greater flexibility in the Farm Credit Corporation. I believe the hon. member for Glengarry-Prescott (Mr. Ethier) very forcefully made that point. I think this is a very worth-while matter and one we should look into. I think all of us are somewhat concerned by the fact that the incidence of older people is more prevalent in farming than it is in other fields of economic endeavour in our country. It is very difficult for a young man to get started in farming, possibly by reason of the cost-price squeeze which has been referred to so forcefully by hon. members.

It is possible that young people have not found it too attractive to go into farming in past years. Surely if our farm economy is to be sound we must do everything we can to encourage young people to enter the agricultural sector of our economy. I shall be very pleased to look into this aspect of the suggestion made by hon. members.

Resolution reported and concurred in.

Mr. Greene thereupon moved for leave to introduce Bill No. C-171, to amend the Farm Credit Act.

Motion agreed to and bill read the first time.

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

Some hon. Members: Now, by leave.

Mr. Greene moved the second reading of **the bill.**

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

On clause 1—*Capital.*

Mr. Howard: Mr. Chairman, I just now have the bill before me and I see that it consists of only one clause. Substantially it is the same as the resolution and increases the capital of the corporation to $40 million from the present $24 million. A rough calculation would show that this is an increase of about 70 per cent. This reminds me of a discussion I had last evening concerning other 70 per cent increases. There was the 70 per cent increase in the cost of the pavilion for the performing arts at Expo '67, which the Prime Minister classified as not being inordinately high in the light of construction costs. There also was an increase of about 70 per cent in the bids on the grain elevator at Prince Rupert over the estimate of the cost of that elevator extension, which the minister classified as being inflationary. Because of this he decided it would not be desirable economically to proceed with the grain elevator extension. Last evening he made reference to the Budget and the announcement there to the effect that the construction activities of the federal government would be curtailed by about 10 per cent because of their contribution to inflation.

• (6:00 p.m.)

I agree with the purposes of the bill now before us. The Minister now lauds this bill and urges us to accept it so that by unanimous consent it can be given third reading and passed. I have no objection to that procedure because of the merit of the proposal but I do submit that it is in effect a contribution to the inflationary trend. We will be putting more money into the hands of the people who will borrow under this act, giving them greater purchasing power, which undoubtedly they will use and thereby pumping more money into circulation and contributing to any potential inflation. That is exactly the spectre the minister says is confronting him.

Several things have happened in recent days which I wish to point out. The position taken regarding the extension to the Prince Rupert grain elevator, when compared to the purposes of the present bill, creates an illogical situation. On the one hand the minister is asking us to endorse a bill which will contribute to inflation while on the other he is telling us that he cannot proceed with the extension to the grain elevator because this

would contribute to inflation. It seems to me that he cannot have it both ways.

I do not object to the contents of the bill but I do object to the government wearing two coats. The government is acting like Janus, the ancient god after whom a month was named, who had two faces and could look fore and aft at the same time. That is what the government is doing, I submit.

I have taken the opportunity of speaking at this time simply to draw attention to what I consider to be illogical positions advanced by the minister, namely, his position in regard to the bill now before us compared with the position he took last night regarding the extension to the Prince Rupert grain elevator.

The Deputy Chairman: Shall the clause carry?

Mr. Barnett: Mr. Chairman, I referred last night—

The Deputy Chairman: Order, please. In order that the house may proceed to the consideration of private members' business it is my duty to leave the chair.

Mr. Howard: Perhaps in the light of the importance of this bill we should not see the clock for a few minutes.

The Deputy Chairman: Does the committee give unanimous consent to the suggestion advanced by the hon member, that we continue with the business now before us?

Some hon. Members: Agreed.

An hon. Member: No.

The Deputy Chairman: There does not seem to be unanimous agreement.

Mr. Starr: Mr. Chairman, I think that agreement can be reached if we have some idea as to the length of time required for the passage of this bill.

An hon. Member: Half an hour.

The Deputy Chairman: Order, please. I asked the committee whether there was unanimous consent and it did not appear to be given. In view of that fact, it now is my duty to leave the chair.

An hon. Member: I think there is unanimous consent.

The Deputy Chairman: I ask again whether there is unanimous consent of the committee to proceed with the business now before us?

Mr. Starr: I think unanimous consent can be given if we agree to carry on for another ten minutes.

The Deputy Chairman: Is that agreeable?

Some hon. Members: Agreed.

The Deputy Chairman: The committee has now unanimously agreed to proceed with the business before us for another ten minutes.

Mr. Barnett: Mr. Chairman, the hon. member for Skeena on a number of occasions has drawn the minister's attention to the importance of the extension to the Prince Rupert grain elevator. I am sure he must by this time, if not before understand how persistent and persuasive the hon. member for Skeena can be.

Perhaps this whole problem could be settled by the Minister of Agriculture if he could find some clause in the Farm Credit Act whereby the corporation could build this extension. It might be easier for the minister to find such a clause than it would be to persuade the Minister of Finance and his colleagues on the treasury benches to exempt this project from the axe to which he referred last night.

The Minister of Finance is in his seat and I should like to take advantage of the fact and suggest that he could settle this question quickly and relieve the Minister of Agriculture of any embarrassment by announcing to the committee that the blockade in respect of the Prince Rupert elevator will be lifted. I am trying to be helpful by making these suggestions through you, Mr. Chairman, to the two ministers with the hope that this whole matter can be expedited. Perhaps we can have an answer from one or both of them at this time.

The Deputy Chairman: Shall the clause carry?

Mr. Herridge: Mr. Chairman, I have been very interested in the minister's replies to the various observations made by hon. members during the debate on the resolution. Before the bill is passed will the minister give consideration to increasing loans available to partnerships when there is a sound basis for doing so? In many cases a number of families are involved in farm communities and I suggest this would be ample reason for increasing the size of loans available. Will the minister also consider providing farm communities with a greater understanding of

the act by seeking the co-operation of not only national bodies but local units of various farm producer organizations?

Mr. Danforth: Mr. Chairman, I should like to ask the minister one question relating to the fears now held in many agricultural areas because of the tight money policy. Can he assure us that there will be no closing down on applications for credit through the Farm Credit Corporation or pressure put on those individuals who wish to borrow money such as has taken place in banking and other lending institutions? Will loans be granted on the same basis in the future as they have been in the past few years?

Mr. Greene: Mr. Chairman, I think the best evidence of the government's intention in this regard is the fact that we have now placed this bill before the house. we have done so to make sure that these loans will be continued. There certainly is no change in the policy of making loans available in the best interests of the agricultural community.

Clause agreed to.

Title agreed to.

Bill reported and read the third time and passed.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: the hon. member for Trois-Rivières—Trade —shortage of copper in Canada; the hon. member for Kootenay West—Expo '67—refusal of permission to record R.C.M.P. band; the hon. member for Cumberland—Royal Canadian Mounted Police—Nova Scotia—arrest of member of force.

• (6:10 p.m.)

It being after six o'clock, the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, private bills and public bills.

Mr. Starr: Mr. Speaker, in view of the fact that we have encroached by some ten minutes upon private members' hour, I wonder whether we could have unanimous consent to carry on with private members' hour until ten minutes past seven?

Mr. Deputy Speaker: Does the house give unanimous consent to continuing private members' hour until 7.10?

Some hon. Members: Agreed.

Mr. Howard: No, Mr. Speaker. That has not been the practice in the past and I do not think we should be breaking new ground now.

Mr. Starr: That is entirely wrong, Mr. Speaker, because the same thing occurred yesterday and by unanimous consent we continued private members' hour until 7.25.

Mr. Barnett: That item was a very important resolution introduced by a colleague of the hon. member for Ontario (Mr. Starr).

Mr. Stewart: Don't discriminate.

PRIVATE BILLS

BANK OF WESTERN CANADA

The house in committee on Bill No. C-111, to incorporate Bank of Western Canada—Mr. Richard—Mr. Rinfret in the chair.

On clause 1—*Incorporation.*

The Deputy Chairman: Shall clause 1 carry?

Mr. Howard: Mr. Chairman, some of us are rather disturbed about the incorporation of the proposed bank. In the initial presentation two or three years ago the proponents of the bank engaged in a little misleading propaganda in order to try to convince those who might just look at the surface that the bank would be publicly owned. I do not mean publicly owned in the sense of government ownership but owned by members of the general public as distinct from ownership by corporate entities.

The proponents of the bill exhibited this tendency to propagandize by setting out in the bill of previous years the names of sundry individuals who were listed as shareholders. The names of those individuals covered two pages of the bill introduced at that time. Together with the names of the individuals who were listed as shareholders was a designation of their profession. We find listed in the bill a number of people who were classified as persons from what we might call

the ordinary walk of life. Architects, solicitors, a couple of executives, farmers, physicians, a professor and an investment dealer were listed and I think they even had a blacksmith listed at one stage. I shall not read the names and occupations of the individuals listed in the previous bills and classified as the major shareholders except to say there were about 100 of them.

Inasmuch as these names and professions were contained in the first clause of the bill presented to us at that time, I submit it was designed to leave the impression that here was a true people's bank, that not only was it to be a bank dedicated to the advancement of banking interests in western Canada with its headquarters in Winnipeg but it would also be owned and controlled by the common people.

In the bill before us at the present time those who will control the Bank of Western Canada have dropped that subterfuge and list in clause 1 merely the names of a few top flight individuals, namely, James Elliott Coyne, executive; Sinclair McKnight Stevens, solicitor; Maxwell Bruce, one of Her Majesty's counsel, all of the city of Toronto in the province of Ontario. Then there is listed one Edward Rex Plewman Nesbitt, executive, of the city of Winnipeg in the province of Manitoba, and John Leslie Bodie, executive, of the city of Edmonton in the province of Alberta, followed by the words, "together with such persons as become shareholders in the corporation by this act created, are, incorporated under the name Bank of Western Canada hereinafter called 'the Bank.' "

I say that the subterfuge of broad participation by people has been dropped and we see that of the five individuals listed, who incidentally shall be the provisional directors, three come from the city of Toronto, one from Winnipeg and one from Edmonton. The names and occupations of common people have been dropped. I think it is a little more honest to do it this way than was the case previously.

I believe some consideration should be given to the manner in which this bank is effectively owned or controlled. The proceedings of the Finance, Trade and Economic Affairs Committee which considered the bill and dealt with it in some detail—in fact the detail ranged over the period of three or four sittings—show the extent to which the proposed Bank of Western Canada is owned and controlled by other than common people. I might say that the information was not easy to obtain. I was not on the committee and was not able to attend its hearings, but a reading of the evidence and the information elicited by such individuals as the member for Lapointe, the member for Acadia and others who asked searching questions of the witnesses indicates that it was difficult to obtain full information about the company.

In the Minutes of Proceedings and Evidence No. 1 of the Finance, Trade and Economic Affairs Committee there are extensive references stretching over quite a number of pages which show that the ownership or effective control of the Bank of Western Canada is by way of quite a bit of involvement with other companies. Perhaps I could read briefly from page 14 of the proceedings. Mr. Stevens was giving evidence and pointed out the following with regard to raising the money for the bank:

• (6:20 p.m.)

This money was originally raised in February and March, 1964 and is broken down as follows: first, over 5,000 people placed $6,450,000 in trust with the Canada Permanent Trust Company for future investment in the proposed bank.

One might think 5,000 people would constitute a broadly based ownership of a company such as this. Then he said:

Second, a further 2,000 people put in trust $3,750,000 to be invested by the Wellington Financial Corporation in the proposed bank.

We will have more to say about the Wellington Financial Corporation in a moment.

A further 2,600 people bought shares in Canadian Finance and Investment, which in turn is committed to investing $2,250,000 in the proposed bank.

We will also have more to say about Canadian Finance and Investment in a moment.

I should have mentioned that Wellington is a Toronto based company originally established in Guelph, Ontario, in 1926. The Canadian Finance and Investment is a Winnipeg based company originally established in 1926 in that city. The York Trust and Savings Corporation of Toronto is committed to investing $495,000 in the bank, and the proposed provisional directors of the bank are committed to a further $37,500.

This statement was followed by extensive questioning as will be seen from a perusal of pages 14 to at least 32 and subsequent pages as well. I am just going as far as page 32 because I think the gist of the ownership is shown there. There are some rather involved answers given to questions asked by the hon. member for Lapointe. Finally Mr. Stevens,

the witness, answered some of these questions as follows:

> The bank will be owned by four different main groups. The first group is a group which owns shares directly in the bank and are now holding trustee certificates. Now, all together they number a total of about 5,100 odd. The next largest shareholder in the bank will be the Wellington Financial Corporation, which owns approximately 30 per cent of the proposed bank.

We know, as a result of studies made by people concerned about the ownership of corporations, that a 30 per cent ownership of a corporation in the hands of one group or one individual can be used to control rather effectively the operations and activities of that particular company. Here we have the Wellington Financial Corporation, one of the companies which Mr. Stevens said was going to put some money into the bank, owning about 30 per cent of the proposed bank.

Then there were some questions put by the hon. member for Acadia. He asked Mr. Stevens about his connections with Wellington Financial Corporation, about his connections with Canadian Finance and Investments Limited and his connection with York Trust and Savings Corporation. These three corporations are involved in one way or another with the proposed Bank of Western Canada. Mr. Stevens answered these queries by saying he was president of all three corporations. The hon. member for Acadia then went on to ask about another corporation, and I am quoting from page 30 of the evidence:

> What is your connection with British International Financial (Canada) Limited?
>
> Mr. Stevens: I am also president of that company.

There follow extensive questions and answers which eventually elicited the information that the large shareholder, British International Financial (Canada) Limited, through some of the companies it controls, has absolute or effective control of this bank. We find that British International Financial (Canada) Limited will own the Bank of Western Canada directly or indirectly to the extent of almost 50 per cent.

The hon. member for Acadia put this question directly to Mr. Stevens:

> Would I be right in assuming that you would have nearly 50 per cent of the paid in capital of the $13 million in this proposed chartered bank?
>
> Mr. Stevens: You mean in our various companies?
>
> Mr. Horner (Acadia): Yes.

Then Mr. Stevens went on to rationalize this by saying:

> At the beginning that was true. As you will recall, it was contemplated in the proposed amendment to the Bank Act that was introduced in the last parliament, and is also referred to in the Porter Commission report, that initially there should be an exception made when a new bank is starting. In other words, while it may be considered desirable to have the share ownership of banks spread around into relatively small holdings and certainly no large block, it is accepted, I believe, that initially some organizational group is likely—and in fact it would be very difficult not to do it otherwise—to have a very dominant block in any new bank that is being formed. Our intention is that while we should start with, say, effective control, in all likelihood it would not be maintained, and the suggested changes in the last Bank Act are quite acceptable to us in the sense that we would divest our holding if asked to do so by the Treasury Board or whoever is in authority. We would also agree not to exercise rights or warrants in this type of thing to maintain our position.

I submit that on the face of it this is not really very acceptable. We all know that the only effective way of preventing the consolidation of ownership or control in the hands of a few is to prohibit it by statute, either directly in the bill currently before us or by way of an amendment ot the Bank Act. This provision should preclude the possibility of any one, single financial group or company being able to control such a corporation. I gather from reading Mr. Stevens' remarks that he really is not in favour of effective control of the Bank of Western Canada. He would like to see a situation prevail in which there was a wide distribution of ownership. He would like to see the Bank of Western Canada owned and controlled by individual shareholders and he would be happy if some authority in government would come along and tell him subsequent to the passage of this measure, if it ever is passed, that is what he has to do.

• (6:30 p.m.)

I believe the situation is not as Mr. Stevens paints it. Mr. Stevens pointed out he was president of British International Financial (Canada) Limited in Toronto which has assets somewhere in the neighbourhood of $90 million. British International Financial (Canada) Limited, either by absolute control or by effective control, is the dominating influence in 21 separate financial institutions. These include Wellington Financial Corporation, York Centre Properties Limited, Cardiff Investments Limited, British International Finance Trust Limited, Timed Investors Limited, Timed Investment Fund Limited, Globe Auto Leasing Limited, Maritime Mortgage and Loan Company, Scarboro Finance Corporation Limited, and so it goes on and on.

I submit that a company president who appears before a committee and says "We do not want control of the Bank of Western Canada" is not telling the full facts concerning his intentions and desires when the company of which he is president owns in many cases 100 per cent and in the great bulk of cases more than 50 per cent of several other companies and has effective control over a few others to the extent of 21 mortgage, loan and finance corporations. He is asking the committee and parliament to accept the incredible, and I for one cannot accept it.

Assuming that Mr. Stevens really felt sincerely that this was a desirable course of action and that he and those who will control the Bank of Western Canada were going to divest themselves of their holdings, there is no guarantee that some other group will not move into the picture in order to be able to bring about effective control of the bank. In fact, in answer to another question by the hon. member for Acadia, reported at page 31 of the proceedings, Mr. Stevens went on to say with respect to ownership and effective control:

> The second thing that is probably more likely to happen is that the ownership being so widely spread, you would quickly find a fight for control and some group, completely unknown to parliament, could potentially come in and take over the bank. In that sense parliament would have no control over who owns the bank.

Then the hon. member for Acadia asked:

> What you are saying is that you are better than an unknown factor.

To which Mr. Stevens graciously replied:

> At least you know us.

I do not know if I am able to differentiate between one type of effective controller and another in the field of banking and finance and trust and loan companies. I think they are all within the classification of what Will Rogers called loan sharks and interest hounds. That is what comes first, not the interests of people.

The Deputy Chairman: Order. I have to interrupt the hon. member as his time has expired.

Mr. Horner (Acadia): Mr. Chairman, in rising to take part in this debate I want to say at the outset that I have been greatly interested in banks in Canada for a number of years. I have followed the applications of several of the banks which have been before this house and the other place over the last two years. I have become particularly interested in this bank for the reason that it is proposed to call it the Bank of Western Canada, which immediately arouses interest in western Canada.

I am one of those who believe in free enterprise. I believe that in competition with one another under the free enterprise system the greatest savings can be made and the greatest efficiency brought about. I think the same theory holds true with regard to banks. Therefore, basically I am all for more banks in Canada.

On the other hand, as a member of parliament I feel that the right to be granted and to operate a bank charter is a great privilege. I do not think that I or other members of parliament should take our office lightly and grant a charter to anybody who may want to apply for one. It is our duty to examine every applicant and to make certain first of all that he is worthy of the charter, second, that he is capable of carrying it out and, third, that he will be sincere, once he has obtained the charter, in working for the general advantage of Canada. I do not expect him to lose money or to take money out of his own pocket to foster, promote, or continue to promote, a bank of which he holds the charter. But I do believe that in operating a bank in Canada under a charter which has been granted by parliament the operator should work for the general advantage of Canada along with making a profit for himself, though perhaps a limited one.

I believe that a bank charter is something similar to a licence to operate a public utility. It is similar to the right to transport oil or gas across Canada as in the case of Interprovincial Pipe Line or Trans-Canada Pipe Line. They have the charters to move oil or gas across Canada. We have also set up a National Energy Board to make certain that the monopoly we have granted them is controlled and will work for the general advantage of Canada. This is why I examined the proposed application for this charter to the best of my ability in the committee.

I am in no way opposed to the creation of more banks in Canada, but I want to establish first the three principles which I think are important and which I should like to repeat. First of all, the applicants must be worthy. In other words, they must accept the responsibility which this house places upon them with a great deal of care, sincerity and dedication. Second, they must also be capable. In other words, though you and I, Mr.

Chairman, may not be capable of operating a chain of banks across Canada under a charter there are financiers who are capable of doing so. Third, they must be prepared to operate a banking system in Canada which works for the general advantage of Canada, not solely for the general advantage of themselves. These are the three basic principles upon which my questioning was founded and upon which I shall continue to question this particular application.

I am not going to quote from the committee proceedings; I want to deal in generalities. We have an application before us for a bank charter to set up a bank with a capitalization of $25 million. Money has been obtained in trust to the tune of something like $13 million. How has that money been appropriated? Under my criterion that a bank charter should work for the general advantage of Canada, if I alone were granted such a charter I would be more inclined to work for the general advantage of myself because this venture would perhaps be my sole interest. But the general application of my thinking is that the broader based the applicant, the greater the possibility he will continue to work for the advantage of different segments of industry and different parts of the economy of the country. I place a great deal of importance on the fact that such a charter as this should work for the general advantage of Canada and that the applicant should be broadly based, therefore enabling him to work to a greater degree for the general advantage of Canada.

• (6:40 p.m.)

When I was examining this matter initially I was greatly concerned because we were told in committee that the applicants had put up something like $6 million or more to be placed in trust in the event of the charter being awarded and that this amount had been quickly taken up by shareholders in eastern and western Canada, most of them in western Canada. We also found that the greater portion of the $13 million was controlled by finance houses owned or controlled by three individuals in Toronto. I said in the committee and I say again to this house: If 50 per cent of the amount they wanted to raise was quickly taken up by proposed shareholders in this bank, why did they not let out a little more? Why did they not let out 70 per cent? The remaining 30 per cent would still provide for effective control of any company. But they wanted to make sure of absolute control by retaining 51 per cent, 52 per cent or 53 per cent. This raised some doubt in my mind whether these people were prepared to work for the general advantage of Canada or for the general advantage of themselves.

Consider the title of this bank—the Bank of Western Canada. We were told in committee that western Canada is a deposit surplus area. I would not have believed it. I would have thought that we westerners were spending every nickel we get. But the highest banking officials in Canada including a former governor of the Bank of Canada tell us they believe western Canada to be a deposit surplus area. With this in mind we must consider the fact that 53 per cent is to be owned and controlled in the city of Toronto and that something like 20 per cent of that 53 per cent is owned by trust and finance companies in eastern Canada. Then we should ask: Who will benefit? Where is western Canada's deposit surplus likely to go?

I am not a man who is suspicious by nature. I may be a born optimist. But when I link these two things together I have a tendency to become suspicious. It may be said that finance houses and trust companies are institutions of which many people are suspicious to begin with. I do not think I can be classified in that group. But throughout these proceedings I asked questions in an attempt to set aside the fears which were evidently in my mind with regard to the present application. At no time were these fears set aside by the witnesses.

It is well known that in the course of this summer parliament will have to deal with the Bank Act. Consideration of amendments to this legislation has been postponed for two years. Why should this application not wait until the Bank Act has been dealt with. This would clear up the doubt about foreign ownership and about the limitation on the interest rate. We would know how this application would fit into the new Bank Act. We would also know whether or not the applicants are trying to take advantage of the situation in which we find ourselves today in Canada where those granted bank charters may charge interest only up to a maximum rate of 6 per cent. In other words, they may want to get in while the going is good and then, should the maximum committee interest rate be increased to 7 per cent, they would be in a position to take advantage of it.

Mr. Walker: Is the hon. member aware that this bank has expressed a complete willingness to comply with any regulations which

might be made consequent upon the revision of the Bank Act?

Mr. Horner (Acadia): I am aware of that. Statements of that kind were made time and time again in the committee. But remember that more than $6 million has been placed in a position where substantial capital gains, non-taxable gains, can be made depending upon what this parliament does with regard to the Bank Act. Basically we are considering a proposition which would enable three Toronto financiers to make a substantial capital gain depending on the interest rate permitted under the Bank Act say a month from today.

What is the rush? This application has been before parliament for two years. Let us wait another month or month and a half by which time we shall be in a better position to know what we are doing.

I do not believe these people should not make a profit. I believe in making a profit. I know that all the banks now operating in Canada believe in making a profit. They always have from me, and I know this is really their basic interest. But by operating a network of banks across Canada they also work to the advantage of the public generally.

• (6:50 p.m.)

In this application we have to examine whether the intent is to serve the advantage of the public. If that intent is not present then parliament will be making a terrible mistake in granting these people their charter solely because we need more banks in Canada and this is one of the applications for a new bank charter. We may have 25 other applicants next year.

To me a charter to operate a bank is a privilege. It is a privilege to get into the banking business, a privilege we should not grant lightly to operate a monopoly under certain controls and rigid confinement. We must examine whether or not the applicants are worthy and whether or not they are efficient.

From my examination of the efficiency of the applicants, I would say that, if they can operate as many trust and finance companies as they do and remain in business as long as some of these companies have, they must be reasonably efficient and qualify in that respect. But for the present I am not examining them on that basis at all. I am examining whether they are worthy and will work for the general advantage of Canada. They have not proven themselves to me on either point, and these two points are closely linked.

Are these applicants worthy? To prove worthiness they must prove desire and intent. Time and time again I questioned them in the committee. Time and time again I wanted them to say that they believed the banking system in Canada was similar to a public utility but they never did. Time and time again I wanted them to say that they were prepared to let more shareholders in but they said no.

The interesting thing in this case is that from the first time these people applied for a bank charter until this day, instead of showing evidence of where they have dispersed some of their holdings the three people involved gave evidence before the committee which convinced me that they had taken it upon themselves to gobble up more of the outstanding shares being held in trust to establish the bank. They admitted quite frankly that western Canada had quickly bought up the shares released from trust where they had been placed for the establishment of the bank. But if this is so, why did they not release more? Why did they have to keep absolute control? These are questions upon which they have failed to answer fully and conclusively in order to convince me that I should wholeheartedly endorse their application. I want to do so. I want to be on record as supporting more banks in Canada, but I take my job here seriously and I want to examine all applicants to make sure that they wish to work for the general advantage of Canada and not just for themselves.

[*Translation*]

Mr. Laflamme: Mr. Chairman, I only have one question to ask.

The only thing I want to know is whether a private bill, passed by a committee, must be referred back to the house for consideration? What is the use of calling witnesses before committees, hearing their testimonies for days, and then waste the time of members of parliament? I am asking the house, which is master of its own procedure, to vote on this matter.

[*English*]

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, I was unable to attend the first meeting of the Finance, Trade and Economic Affairs Committee when it discussed the Bank of Western Canada. However, a perusal of the proceedings of the

committee reveals some rather interesting facts and the lack of some other facts.

I am particularly interested in the discussion that was held between Mr. Stevens of the provisional directors of the bank and one of the members of the committee. The hon. member for Joliette-L'Assomption-Montcalm had this to say:

> Mr. Stevens, you stated this morning that there were over 5,000 persons who actually control a block of 430,000 shares. There is another block of shares that you control, and as I can see they are the majority. You control the majority of shares in the second block. How many persons does that second block represent?

It is interesting to see the manner in which Mr. Stevens avoided answering that question, even under repeated requestioning. Mr. Stevens said at that point:

> What might be helpful, Mr. Comtois is a chart that has been prepared. At this morning's session it was suggested we might prepare some kind of chart to show how these companies fit together. In the luncheon adjournment we made photostats of a chart which is taken out of the centre page of our British International Annual Report for 1964. If the Chairman wishes, we can circulate these charts now and with the aid of those charts I think I can describe just how these companies fit together.

I have here the chart to which Mr. Stevens referred and it is interesting to see that the companies set forth in it are apparently—Mr. Stevens did not deny this—those which own 51 per cent or more of the stock of the proposed Bank of Western Canada.

We have been told that one of the purposes of organizing this bank was to have a financial institution in western Canada, based in western Canada, owned by people in western Canada and directed by people in western Canada. But what do we find? We find at the head of this chart British International Finance (Canada) Limited, Toronto, with assets of $90 million. Below we have Canadian Finance and Investments Limited. They are in Winnipeg but have only $5 million. Then there is Alberta Fidelity Trust with $5½ million. After that we go back to Toronto to the Wellington Financial Corporation Limited with assets of $68 million; York Centre Properties Limited, Toronto; Cardiff Investments Limited, Toronto; British International Finance Trust Limited, Nassau, Bahamas; Timed Investors Limited, Toronto, and apparently descending from Timed Investors Limited there is Timed Investment Fund Limited, Toronto, with assets of $3 million.

Going back to the other side of the chart we find ourselves in Winnipeg again with the Fort Garry Trust Company, Winnipeg, assets $2 million, and the Bank of Western Canada, Winnipeg, proposed equity $13 million.

Going down to the bottom line we see Canadian First Mortgage Corporation, Toronto, assets $7 million; York Trust and Savings Corporation, Toronto; The Lambton Loan and Investment Company, Sarnia; the Wellington Credit Corporation, Toronto; the Interior Credit Corporation Limited, Toronto; Simcoe Retail Acceptance Limited, Toronto; Wellington Bank of Canada International Limited, Nassau, Bahamas, and it has a child, the Wellington Bank of Canada Limited, also of Nassau, Bahamas; Scarboro Finance Corporation Limited, Toronto; Maritime Mortgage and Loan Company, New Brunswick; Globe Auto Leasing Limited, Toronto, and The Lambton Trust Company Limited, Sarnia.

Obviously this bank is not only going to be directed by three eminent financiers from Toronto but is going to be owned substantially by residents of central Canada, not of western Canada. I have no objection to people of central Canada owning property such as this but I do not think they should masquerade as residents of western Canada devoted to the interests of western Canada. This is one of the things that give me some concern.

The Deputy Chairman: Order. It being seven o'clock it is my duty to rise, report progress and request leave to sit again at the next sitting of the house.

Progress reported.

• (7:00 p.m.)

INCOME TAX

IMPLEMENTATION OF AGREEMENT BETWEEN CANADA AND UNITED KINGDOM

Hon. Mitchell Sharp (Minister of Finance) moved the second reading of Bill No. C-154, to implement an agreement between Canada and the United Kingdom for the avoidance of double taxation with respect to taxes on certain classes of income and to implement a supplementary income tax agreement between Canada and Sweden.

Mr. Lambert: In this connection, Mr. Speaker, I think perhaps we should have a statement from the minister which would be helpful in delineating precisely the terms of what he conceives to be the impact of this agreement. He might indicate any changes or improvements that were made on prior agreements, or conversely areas which are not now covered. I think there are many

Canadian holders of British securities who would be very interested in knowing the exact details of what the government of Canada has been able to negotiate in this regard.

Mr. Sharp: Mr. Speaker, the purpose of this bill, as its title indicates, is to give legislative effect to the recently signed income tax agreements with the United Kingdom and with Sweden. For convenience the bill is divided into two parts, the first dealing with the new agreement with the United Kingdom signed last December, and the second dealing with the supplementary agreement signed last January that amends the agreement signed with Sweden in 1951. In substance the bill is similar to the bills implementing income tax agreements or supplementary income tax agreements between Canada and other countries that have been approved by the house since 1942. Canada now has in force 12 comprehensive income tax agreements—with the United States of America, New Zealand, France, Sweden, Ireland, Denmark, West Germany, the Union of South Africa, the Netherlands, Australia, Finland and Japan.

Part I of the bill approves and gives the force of law to the agreement with the United Kingdom, which is set out in schedule 1. This agreement is considerably less comprehensive than the agreements to which I have just referred, although like them, its object is to avoid double taxation, or to reduce taxation, of the income received by individuals and corporations of one of the countries from sources in the other country. It is an interim agreement limited to four classes of income on which action could be taken pending consideration of the forthcoming report of the Royal Commission on Taxation and appraisal of the consequences for tax agreements of the recent major changes in the British tax system. Since the agreement is of an interim nature it may be terminated by either government giving six months notice, but both governments have expressed the hope that it will be replaced by, or expanded into, a comprehensive agreement as soon as this is feasible.

Hon. members will recall that the former income tax agreement between Canada and the United Kingdom signed in 1946 was terminated in accordance with its terms when Canada gave notice of termination in June 1964. This was after negotiations, held over a three year period with a view to amending the agreement in accordance with Canadian policy, had proved unsuccessful. The main point of difference leading to the termination of the old agreement was the fact that it prevented Canada from imposing any tax on dividends paid by a wholly owned subsidiary in Canada to its parent company in Britain.

The new agreement establishes a general rule, similar to that in other Canadian tax agreements, that all pensions and annuities will be taxable only in the country where the recipient of the pension or annuity is a resident. This differs from the old agreement in which the rule was that pensions paid in respect of British or Canadian governmental or military services could be taxed only in the country of source.

There are exceptions to the new general rule that preserve the position that persons in receipt of such governmental pensions had under the old agreement, if they prefer to retain that position. The provisions of the agreement concerning the tax treatment of recipients of pensions will benefit some 15,000 Canadian residents receiving pensions from United Kingdom sources and some 2,500 recipients of Canadian pensions living in Britain whose financial position has been affected by the termination of the old agreement.

The other classes of income with which the agreement deals are profits of an enterprise earned by a permanent establishment, for example a branch office, profits from the operation of ships or aircraft, and copyright royalties.

The agreement contains the usual rule, adopted by all the members of the Organization for Economic Co-operation and Development, that the industrial or commercial profits of an enterprise of one of the countries shall be taxed in the other country only if the enterprise has a permanent establishment in that other country and only to the extent that they are attributable to that permanent establishment. This exempts a taxpayer of one country from taxation in the other country, if he merely buys goods there. It also protects a taxpayer who only sells goods in the other country through an independent agent or an agent who merely takes orders and does not conclude contracts.

The agreement provides that the profits of an enterprise from the operation of ships or aircraft in international traffic shall be taxable only where the enterprise is resident. This provision is similar to that in most other agreements.

The agreement provides that copyright royalties and similar payments in respect of the use of literary, dramatic, musical or artistic work, not including royalties for motion picture or television films, shall be exempt from tax in the country of source. Canada exempts such payments to non-residents in its Income Tax Act but, following the termination of the old agreement, Britain has been imposing its standard 41¼ per cent tax on these royalties paid from sources in Britain to Canadian residents. Persons in Canada who receive such royalties will thus obtain relief.

The provisions of the agreement are designed to come into operation on the dates the old agreement ceased to have effect. For Canada this will be January 1, 1965 and taxation years ending in or after 1965. Refunds will be made where taxes contrary to the new agreement have been levied during the period from the date of the termination of the old agreement to the date of the coming into force of the new agreement.

The new agreement will come into force after each contracting government has been notified that all the things that have to be done to give the agreement the force of law in Canada and the United Kingdom respectively have been done. The government of the United Kingdom has notified the government of Canada that it has completed the necessary actions. The agreement will accordingly come into force when the royal assent is given to this bill.

Part II of the bill deals with the supplementary agreement between Canada and Sweden. The purpose of the supplementary agreement is to make several amendments to the income tax agreement between Canada and Sweden signed in 1951. The change of most importance for Canada is the deletion of a provision that prevents a non-resident withholding tax of more than 5 per cent controlled subsidiary company in one of the countries to its parent company in the other. Each country continues to agree not to impose a withholding tax on dividends in excess of 15 per cent. The normal rate imposed by Sweden when there is no tax agreement is 30 per cent. This change will bring the Canada-Sweden agreement into conformity with the announced policy of the Canadian government.

The supplementary agreement will come into force on the date when the exchange of instruments of ratification takes place, and will be effective in Canada for the taxation year 1966 and subsequent taxation years. The effective date for the replacement of the 5 per cent maximum withholding rate by the 15 per cent maximum withholding rate on certain dividends will be April 1, 1966. I am hopeful that the supplementary agreement will enter into force before many more weeks have passed.

• (7:10 p.m.)

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I am very pleased to see that the government of Canada has come forward with this particular bill, because we were getting more and more anguished cries, and I think legitimate ones, from many Canadians who were holding investments in British concerns—and this of course is something which is to be encouraged. Canadians do hold interests in operations abroad, but since 1964 of course they were subject to the penalties of double taxation. This frankly does not enhance our attractiveness to British investment in Canada or to Canadian investment abroad. There certainly is no incentive to Canadian coporations to establish operations in the United Kingdom. Not only does this have an effect on the industrial and business field, but it has an effect on the thousands upon thousands of new Canadians—that is an odd term—of British origin who settled here after world war II. Many of them are veterans and are entitled to service pensions, either for reasons of disability or otherwise, yet they are very seriously penalized. The fact that they could take their pensions and come to Canada under the former tax agreement was one of the major considerations which led them to come here in the first place.

Because Canada was in some difficulty regarding the high rate of withholding tax in relation to British operations in Canada, this agreement was cast aside and allowed to lapse. This came about as one of the unfortunate consequences of the budget of 1963, and some of the things that followed.

I agree that there may be some argument that Canada should not be prepared to enter into a finite agreement pending the Carter commission on taxation, in view of the fact that Britain has also made some rather drastic changes in its structure, and we may expect more; but as an investor I would find it rather difficult to forecast the future, certainly in respect of long-term investments in growth stocks, and I would not be encouraged by the interim nature of this agreement.

By reason of article XI the whole agreement may be terminated by Canada effectively with six months' notice, and by the United Kingdom in a matter of a little more than nine months because of its tax year. Why Britain insists on retaining April 6 as the date on which it collects revenue I do not know, but in my opinion one of the negative aspects is this agreement not being made for a finite period.

With that reservation I earnestly hope that before long the government will have studied the Carter report on taxation and made up its mind on what it intends to do with regard to taxation. I hope there will not be any undue delay either on the part of the government whether this one or one formed by the opposition, in allowing the implementation of the major recommendations of that commission's report. I hope that a finite agreement can be reached expeditiously at that time.

Any further remarks I wish to make can be made more appropriately when we are considering the bill clause by clause. Once again I wish to say that I find the omnibus clauses too all-encompassing. I refer particularly to clause 2(3) which provides that—

> —the Minister of National Revenue may make such orders and regulations as are, in his opinion, necessary for the purpose of carrying out the agreement or for giving effect to any of the provisions thereof.

I do not know how many times I have said that I am overly suspicious of such clauses. Administrative regulations which embody matters of policy ought first to be considered by the house, but they often find their way into legislation through a back door. For this reason I return to the point made by the committee on procedure, that there should be a committee of this house to review delegated powers. When the minister creates any regulation under the powers granted to him by clause 2(3) he should be required to come before the parliament to satisfy that body that he has not exceeded his powers or created any regulation the effect of which is retroactive to the authorization of those powers.

I urge the minister to refer this recommendation to his colleagues—because this is one of the more serious aspects that we should consider—so that regulations do not become pseudo-legislation by means of regulatory powers.

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

[Mr. Lambert.]

On clause 2—*Agreement approved.*

Mr. Lambert: Mr. Chairman, I think this may be the appropriate time, during our consideration of clause 2, to discuss the articles of schedule I. If the minister has any reason why we should not discuss it now I will defer my remarks. I wish to discuss only two articles about which I want to elicit some explanation from the minister.

• (7:20 p.m.)

Undoubtedly within the next few weeks we will have an opportunity of reading brochures from the Canadian Tax Foundation which may be more critical of this legislation. They should guide us for the future. I want particularly to consider article IV paragraphs (a) and (b). This article deals with related enterprises operating in both the United Kingdom and in Canada, and the definition contained herein refers to "where an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory." If there is a participation of, say 5 per cent—a matter of less than control—what is the degree of participation which will identify that connection between the operations in the two territories? Shall it be just isolated participation? Shall it be a matter of 1 per cent, 10 per cent, 20 per cent, effective control, or what have you?

Also, to what degree under paragraph (b) do the governments in question consider the participation directly or indirectly by, shall we say, the cross-election of directors? In other words, in order to benefit by the experience abroad or to get advice on operations abroad, a Canadian company may elect to its board of directors an experienced resident of the United Kingdom, an industrialist or financier, for example, and the converse situation may also apply. What degree of participation will attract suspicion of, shall we say the non-arms length aspect—I think that is a possible term to be used—in this relationship between the operations in the two countries?

Mr. Sharp: Mr. Chairman, may I first of all point out to the hon. gentleman that this is the standard clause that is in all our tax agreements and is identical with the clause in the former agreement with the United Kingdom. So we are not breaking any new ground here. I should have thought that since the purpose is exactly as the hon. gentleman outlines it, namely an effort to be sure that these related companies operate at arm's

length, the test must be one of judgment. In other words, the authorities in the two countries watch the operations of companies that appear to be related, and if their relationship is such that they are beginning to juggle their profits from one country to the other, then they can deem that the juggling does not reduce their tax in the country from which the profits have been taken, shall we say illegally.

Mr. Lambert: In other words, you say that the taxing authorities reserve unto themselves to judge whether they shall have the p.e and eat it, too?

Mr. Knowles: Mr. Chairman, I have one or two questions which relate to the schedule, but the schedule appears to be covered by clause 2 of the bill. Does this new agreement between Canada and the United Kingdom cover pension income? I have in mind in particular the case of people who have come here from the United Kingdom and are still drawing their pensions from the United Kingdom. Will this agreement have the effect of relieving such persons from taxes that they now have to pay in the United Kingdom?

Mr. Sharp: Mr. Chairman, I am not sure whether the hon. gentleman was here when I made my brief remarks on second reading. Perhaps I will be permitted to repeat the substance of them which deals precisely with this point. The general rule established in this new agreement is that all pensions and annuities will be taxable only in the country where the recipient of the pension or annuity is a resident. This differs from the former agreement, but in order to preserve the position of pensioners who might prefer the old rule, they are permitted to do so.

Therefore the general rule laid down by this agreement is that pensions and annuities will be taxable only in the country of residence, but if the old agreement conferred a benefit upon them that is taken away by the application of this new rule, they may retain their former position provided they were in residence in either of the countries.

Mr. Knowles: I have one more question, Mr. Chairman. If the minister tells me that he answered this question while I was out of the chamber, I can only plead that the point gets reached when it is a human desire to go out and have supper. What is the position with regard to the effective date? I have looked at article X of the agreement and think I understand it, but may I put the question this way: If a person is assessed taxation on income from the United Kingdom at the present time, will there be the possibility of that assessment being adjusted after this agreement goes through, in view of what seems to be the effective date in the case of United Kingdom income of April 6, 1965?

Mr. Sharp: Mr. Chairman, I think the short answer is yes.

Mr. Lambert: Mr. Chairman, I should like to ask a question about article VIII. Not having the previous agreement with me, I should like to know whether the provisions of article VIII, paragraphs 1 and 2, are the same as existed in the previous agreement. This deals with disclosure of information at the request of the other contracting party. In other words, it is obvious that the two taxing authorities must be able to exchange information with regard to operations in both territories as covered by the agreement. I am glad to see that there is provision that "no information as aforesaid shall be exchanged which would disclose any trade, business, industrial or professional secret or trade process."

Following the changes made in CALURA, information is passed by the Department of National Revenue to the Dominion Bureau of Statistics with regard to operations of Canadian business. What effect has that provision in relation to article VIII? Is this procedure specifically excluded? Would the authorities in Canada who have possession of information with regard to the operations of, say a foreign principal operating in Canada, have the right to pass information which they obtain under the terms of this particular agreement to the Dominion Bureau of Statistics, who may have a perfectly legitimate purpose in the future in determining for statistical purposes the size of global operations of companies or subsidiaries, business enterprises, operating in Canada?

It is conceivable that we would like to have this information at some date in the future. It may be that I am engaging in some form of wide hypothesis here, but we do know that under CALURA there is the power and in fact the duty imposed upon the Minister of National Revenue to pass on such information. This was something that I and several of my colleagues, including the late hon. member for Digby-Annapolis-Kings, objected to strenuously, when the CALURA statute was amended.

Income Tax

• (7:30 p.m.)

Mr. Sharp: When I was the minister of trade and commerce.

Mr. Lambert: Yes, when the Minister of Finance was then the minister charged with piloting through CALURA amendments. He knows whereof I speak.

Mr. Sharp: Mr. Chairman, this article is not identical with the article in the previous agreement, because the scope of this agreement is much more limited than the agreement it replaces. The precise answer to the first question put by the hon. gentleman, therefore, is that the exchange of information is more limited because this article relates to the exchange of information that is necessary in carrying out the provisions of this agreement. It is not as comprehensive as the former one was.

The second point I should like to make is that the form of this article is in accordance with the recommendations of the Organization for Economic Co-operation and Development. This is based on their model law for tax agreements.

The third point is that the only information that can be exchanged is, first of all, information necessary to the carrying out of the agreement. It is information which is at their disposal under their respective taxation laws in the normal course of administration. I do not believe it would be possible for the taxation authorities to pass on anything that they did not get in the ordinary course of administration of the taxation laws that relate to matters covered by this agreement. I do not really think that the question of CALURA is raised because, under that act, the taxation authorities were passing information along to CALURA. This relates only to the passing of information between the taxation authorities of two countries, information that is necessary for the carrying out of the provisions of this agreement. I suggest to my hon. friend that he is stretching his suspicions almost beyond belief.

Mr. Lambert: Not beyond belief; I do not believe I am necessarily chasing a bogeyman here. With respect, I point out to the minister that the information the tax authorities of this country obtained from business was for the purpose only of the administration of taxation. However, they take that self-same information and pass it on under the terms of CALURA. It will be recalled that under CALURA, as it was originally designed, there was a specified return made for the purpose of that particular act, the Corporations and Labour Unions Returns Act. Now, we simply ask for the tax report, plus perhaps some additional imformation, so therefore the Minister of National Revenue of this country is obtaining information during the ordinary course, as is disclosed by this wording, "concerned with the assessment and collection of taxes which are the subject of this agreement".

Farther on there is a reference to what is necessary for the carrying out of the provisions of this agreement. I am raising this particular point as a warning because I rather believe that some of our friends, such as auditors and chartered accountants, may raise it. I hope that I may be wrong, but there is, to my mind, at least, a question. Perhaps experience will show whether I am right or wrong.

Mr. Barnett: I should like to return to the subject matter of article VII. When the hon. member for Edmonton West was speaking during second reading he said that this article relates to pensions and has affected, I suppose, thousands of people in various parts of Canada, certainly in my own part of Canada. The minister gave the hon. member for Winnipeg North Centre a short answer a moment ago, but I feel this is something on which we should be quite clear, so that if this agreement comes into effect we will be in a position to answer inquiries directed to us, at least up to a point.

I understood the minister to say during the debate on second reading, that this new agreement becomes effective as of the date of the expiration of the former agreement between ourselves and the United Kingdom which lapsed for a period. As I understood him, he said that the pensioners who were resident in either country would have some choice as to whether, in future, they accepted their tax levies under the terms of the old agreement or under the terms of the new agreement. Is that so?

Mr. Sharp: My understanding of the position is that the general rule in the future will be that pensions and annuities are taxable in the country of residence of the pensioner or annuitant. However, pensioners or annuitants who were receiving pensions under the old agreement, when the rule was different, in that the country of the source of these governmental pensions was the taxing authority, will be able to retain their former status if that is more advantageous than their new

status. This alternative will not apply in the future to any new pensioners.

Mr. Barnett: Following through on that, as I understand it, certain pensioners have, during the period when the old agreement lapsed, been subject to double taxation. Someone receiving a pension from the United Kingdom had to pay tax there, and then it was taxable income for the purpose of our tax laws. Will such people be reimbursed for the extra taxation that they have paid? For example, will a person who has had tax deducted in the United Kingdom be reimbursed from the United Kingdom or will he be reimbursed his Canadian tax?

Mr. Sharp: My understanding of the position, Mr. Chairman, is that they will be entitled to a refund from the United Kingdom. They should apply to that government for a refund when this new law comes into effect in Canada from January 1, 1965 and in the United Kingdom from April 6, 1965. They will have been overtaxed by the United Kingdom government and should apply to that government for a refund. I am referring to the cases which have been mentioned by the hon. member. Of course, if there are Canadians who happen to be in this group in Canada, then they apply to the Canadian government.

Mr. Barnett: Would a Canadian resident in the United Kingdom who has been taxed in Canada be reimbursed by the Canadian government?

Mr. Sharp: We do not tax pensions at the source in Canada, so no practical problem of that kind arises.

Mr. Knowles: Does that reimbursement which was just discussed go back only to April 6, 1965, or could it go back farther?

• (7:40 p.m.)

Mr. Sharp: Mr. Chairman, this is a very technical question. Perhaps it would be safer if it were put on the order paper or addressed to me as Minister of Finance, so we can get a precise answer. It depends partly on the kind of pension involved. If it were a governmental pension it might be treated differently from another kind of pension. My general understanding is that it would not have been overtaxed prior to April 6, 1965. However, I hesitate to give that as a general answer because there might be exceptions.

Mr. Knowles: The minister will find in his mail a letter I wrote a few days ago covering a case where both kinds of pension are involved, governmental and non-governmental. I shall await the reply with interest.

Mr. Barnett: Mr. Chairman, there is a matter which arises directly under clause 2. It was raised by the hon. member for Edmonton West in respect of subclause 3 of that clause and it has been a matter of discussion from time to time in regard to various bills which have been before the house. I must say that I for one found the argument advanced by the hon. member for Edmonton West rather convincing, particularly in respect of the way this paragraph is written, at least as I see it. I would not quarrel with the fact that there must necessarily be room under a bill for the making of regulations, but reflecting upon the argument presented by the hon. member for Edmonton West it does seem to me that one particular phrase in this paragraph is unnecessary. I refer to the words "in his opinion".

I would not quarrel with the idea of granting the Minister of National Revenue the powers to make orders or regulations—and I say the same in respect to the governor in council—such as are necessary for carrying out the purposes of the agreement. But when it comes to our giving blanket authority to a minister to do whatever "in his opinion" may be necessary, it seems to me that this is extending a pretty broad power. If it ever came to the point where the minister was asked whether he had acted in accordance with the act of parliament which had been passed, he would say "Yes, in my opinion I did", as I see it. The way this subclause is phrased, that would end the matter.

It seems to me that apart from any other aspect of the matter this phrase is worthy of some consideration before we pass this bill. In fact, for the purpose of having this matter definitely discussed I would be prepared to move, and I so move:

That sub-clause (3) of clause 2 be amended by deleting from line 16 the words ", in his opinion,".

Mr. Sharp: Mr. Chairman, apparently this is an historic clause. It has been in bills to implemenit tax agreements for as long as my officials can remember. Moreover, they cannot recall the clause having been used many times. Certainly I have never heard any complaints that it has been abused.

Personally I would have no objection to the removal of those words, because in any event I think the discretion must lie with the Minister of National Revenue as to whether

the orders and regulations which he makes are necessary. I think that the words "in his opinion" are really quite redundant and I do not think much hinges upon them. My only reason for hesitating a little, though I do not think I would hesitate for very long, is that these words are hallowed by history and may have some hidden significance of which I am not aware. However, as far as I am concerned I see no difference in the intent or in the meaning of this clause if the words "in his opinion" were removed.

The Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

Clause as amended agreed to.

Clauses 3 to 5 inclusive agreed to.

Schedules agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read a third time? Next sitting of the house?

Some hon. Members: Agreed.

SCIENCE COUNCIL OF CANADA

PROVISION FOR ESTABLISHMENT AND DEFINITION OF DUTIES

Hon. C. M. Drury (for the Prime Minister) moved the second reading of Bill No. C-149, to provide for the establishment of a science council of Canada.

He said: Mr. Speaker, in moving that the Science Council of Canada bill be read a second time there are some aspects of its intended functions and the operation of the council, as well as other matters, which contribute to an understanding of the purpose wh ch I should like at this time to bring to the attention of the house.

Frequent reference has been made over many years, in the public press and elsewhere, to the amounts of money the government of Canada has provided to support research and development in this country, often enough drawing an unfavourable comparison with relative amounts allocated for a similar purpose by the United States, Great Britain and other countries. I believe it useful to examine past performance briefly, to consider trends and to give some perspective to the position in which we now find ourselves or which may be reasonably anticipated in the years immediately ahead.

[Mr. Sharp.]

• (7:50 p.m.)

In the United States, government expenditures on research and development which were inconsequential at the beginning of this century, expanded slowly until the early 1950's. By 1953 the total amount was about $3 billion a year. At that time the gathering momentum was such that expenditures for this purpose increased by large factors annually until by 1964 the total amounted to some $15 billion a year. At the present time there is strong evidence that a stage of levelling off has been reached and that further expansion will comprise little more than an upward adjustment related to inflation and to the so-called sophistication of equipment. It appears that little or no increase and even a slight reduction—due to completion of major capital installations—is projected for the coming year. The expenditures in the United States represent about 15 per cent of the national budget or approximately 3 per cent of the gross national product. Whether this is the correct, or the ultimate, or the maximum proportion of government funds which should be spent for research and development is a matter for conjecture; but for the present, at least, it seems to be the proportion of resources that the people of the United States are prepared to allocate for this purpose.

In Canada the situation is comparable in form but off-set in time by perhaps 10 to 15 years. Although complete statistics are not available it is well known that in the first quarter of this century the amount spent by government for research and development was exceedingly small indeed. One estimate suggests that by 1939 the total amount was about $7 million a year. During world war II there was a substantial increase and by 1953 the amount had risen to over $100 million, of which some $5 million went to the universities. Canada is now entering the period of rapid growth in this area which was experienced in the United States more than a decade ago. The expenditure in 1964-65 at $330 million is about 4.6 per cent of the federal budget—rather less than one third of the comparable ratio in the United States. All the evidence points to the possibility that within the next ten years the proportion of resources which the people of Canada will have to be prepared to spend on research and development, if we are to extend or even maintain our position in science and technology in the international scene, will be as much as three times what it is at present.

The exact ratio cannot be predicted, of course, but will be determined by circumstances and the outlook, the desires, and the imagination of the people of Canada and their willingness to participate adequately in these great enterprises.

At a recent international conference on science and economy, Dr. Alexander King, Director of Scientific Affairs of the Organization for Economic Co-operation and Development and a long time student of science in public affairs, made the following statement:

> With regard to the place of governments in science, I would say that on the whole the main function of the government is to ensure that the necessary skills are provided, that fundamental research is supported sufficiently and that applied research is encouraged at a level of sophistication so that the total comprehension of a country as to technological future prospects is high.
>
> I would place this need to establish and maintain a comprehensive and high level of scientific awareness as a major government responsibility necessary if cultural life is to be rich and dynamic, and equally necessary for the effective use of the world's store of knowledge through industry, agriculture, health, etc., for the well-being of our societies. Its achievement requires from governments an understanding and wise development of the education system, wise legislation and fiscal policy, the building of institutions which are lively and self-critical so that the innovative spirit be fostered in the country as a whole. The understanding and enlightened action of industry is equally important.

In brief, Dr. King was saying that what really matters in the potential for advancement is the totality of knowledge and the level of comprehension in a country. I am certain that all of us would agree with this modern concept.

That we are in the early stages of a period of rapid growth with perhaps two thirds of the ultimate pattern remaining to be established provides in this country an opportunity and an obligation; an opportunity to develop the kind of pattern which will be truly Canadian and which will in the long run best serve the interest of the country, and an obligation now to examine our resources, our needs, our prospects, and to ensure that as far as possible the steps we take are guided by the concepts associated with such a pattern. This is not an easy task. It will require the effort, the consideration and the thoughtful advice of many people in the professions, in government, in the universities and in the community at large if it is to be effectively undertaken. It is the intention and purpose of the Science Council of Canada to serve as a focus for information and advice, to commission intensive studies, and to develop from these many sources of information and concepts that will be useful to the people of Canada in formulating policies and plans for the future.

In respect of the composition of the council it is the intention that the members of council shall be appointed as individuals, not as representatives, ex officio or otherwise, of any organization or group. It is further proposed that members will be drawn from government service, from industry, and from universities and that they will be people who have a knowledge of some aspect of the world of pure or applied science and have a grasp of the relationship between science and national needs.

In many respects the work of the Science Council will be analagous to that of the Economic Council. One of the functions of the latter is to ascertain the areas of our economy in which growth depends mainly on science and technology and to suggest which of these areas are of foremost importance from an economic standpoint. The Economic Council may also be expected to indicate in broad terms the proportion of our financial, physical and human resources that we as a nation might reasonably devote to research and development—they have indeed already pointed out the importance of expanding substantially the support of education in science.

The Science Council will have the purpose of delineating, again in broad terms, the fields of science and technology that may be expected to contribute most to these economic and social objectives and to indicate how their development can best be organized and supported, as well as where and by whom the resources mentioned can be most effectively employed.

In recent years, the National Research Council has been fully concerned with its university support, laboratory and industrial assistance programs, and has not been significantly involved in advising the government on the activities of other departments and agencies. The government has, of course, not lacked advice. Each department and agency offers advice on its own program but, in the nature of things, is concerned principally with its own efforts. I have discussed this problem with my colleagues in the cabinet, with present and former members of the National Research Council, and more recently with ministers responsible for science in other countries. The creation of the Science

Council of Canada, as an independent advisory body with no operational responsibility, seems to offer the most effective solution.

In making this decision and offering the Science Council bill, the government has been greatly encouraged by the favourable response of professional scientific organizations in Canada. Among the societies commending the government on its proposed course are the Royal Society of Canada, the Canadian Council of Professional Engineers, the Royal Architectural Institute of Canada, the Agricultural Institute of Canada, the National Conference of Canada Universities and Colleges, the Chemical Institute of Canada and the Engineering Institute of Canada. I am grateful for this response and for the offers of assistance from many of these organizations.

The Science Council, unlike the National Research Council, the Defence Research Board and other agencies and departments of government, will have no staff, no laboratories and no authority over expenditures other than the amounts allocated for the chairman and for expenses of members when attending meetings of the council.

• (8:00 p.m.)

By utilizing the services of committees, special panels, technical specialists, appropriate government agencies, and industrial, academic, professional and other groups the council will initiate studies in depth, assemble and analyze information, and obtain opinions that will serve as the basis for recommendations and planning. The position of the science council vis-à-vis operating agencies in government, industry and the universities, could perhaps be clarified by pointing out that the council will be concerned with policy and planning for science and technology in Canada, whereas the agencies' concern is with policy and planning in science and technology—two different kinds of activity.

In Canada, as in other countries, because the money provided by the central government represents much the largest component of the total amount spent on research and development, the balance of distribution of government funds among the government's own laboratories, industrial organizations, universities, and of allocation to particular areas of science and technology exerts a most important influence on the scope and character of the entire community of science and technology in the country. Unless careful thought is given beforehand it is all too easy to drift into a situation where there is an uneven or unhealthy emphasis on one segment of science, or in one geographic area, or in one type of organization. Such an imbalance, once created, is almost impossible to correct. In this important matter the Science Council will be expected to develop principles that will assist the government in effective allocation of its resources.

As the success of any programs or plans that may be devised will inevitably depend upon there being available a sufficient number of intelligent and competent people, with adequate training and skill in science and technology, a prime objective of the Science Council will be to study the needs, the numbers and the training programs that will be required. It has been stated that in the United States some 35 per cent of all professionally trained scientists and engineers are engaged in research and development: the comparable figure for Canada is in the order of 15 per cent. This is but another measure of the relative importance attached to this sphere of enterprise at the present time, and another indication of the possible magnitude of growth in this country.

Our real objective must be, in the fields of science, in medicine, engineering, industry, the universities, to provide the exciting and challenging opportunities in the broad spectrum of science that will not only retain our best minds but induce many of those who have left to return, and thus reverse the outward flow of Canadian scientific and technical manpower.

In order that the people of Canada, and of other countries, may be kept informed of its findings, projections, and recommendations, the Science Council, upon the instruction of the minister to whom it reports, will publish statements, bulletins, and comprehensive reports. It is anticipated that this will provide the public with a factual basis on which to judge the prospect of science and technology and to make personal and corporate plans for the years ahead.

Although the council itself will have no staff, it is proposed that the science secretariat in the Privy Council office will have the responsibility of assembling and analysing information and preparing briefs and other studies for consideration by the council. The secretariat will provide professional and administrative assistance for the council, will prepare reports and undertake day to day services for the council that will ensure continuing and active relations with appropriate government agencies and with industrial,

professional and other groups who may be asked for, or who may volunteer advice, assistance and information.

Provision will be made in the Privy Council office vote for general administration for the costs of operating the council, including remuneration of the chairman, travelling expenses of members, salaries of secretarial personnel, fees of consultants, and the expenses of conducting special studies and preparing reports.

The government believes that the Science Council of Canada will be in a position to perform essential and especially useful functions in assessing Canada's scientific and technological resources, requirements and potentialities. It is believed that the proposed structure and composition of the council are sound, that the duties assigned are appropriate and sufficiently comprehensive, and the objectives realistic.

Mr. Reg Cantelon (Kindersley): Mr. Speaker, in rising to speak on this bill to establish the Science Council of Canada I would like to say at once that it has my hearty approval, and I think that of all members of the house. However I am somewhat disturbed by one thing that the minister has emphasized in his careful and thoughtful speech, namely that the council will have no power. It will be purely a recommending body, but I hope the recommendations it makes will receive most careful consideration by the government. If they do not, then I am afraid it will be a quite useless body.

Like many others I have been greatly distressed that the Prime Minister (Mr. Pearson), after mentioning this proposal in two throne speeches, has taken so long to get it before parliament. Surely he must know how important this type of legislation is to Canada's future.

In society as it exists today the need for research is very evident. It is not only evident, it is essential if this country is to maintain and improve its industrial output and, of course, its standard of living. It is essential if we are to keep in the forefront of medical progress and transmit research developments into a better life for all Canadians.

I hope, and I trust my hope is not misplaced, that this council will be a factor in seeing that research in all fields receives more money. I hope too that the council will have the sympathetic ear of the Prime Minister and the cabinet. Unless it has it will be, as I say, useless.

We know there is an enormous demand for funds for research projects from every university. They know the necessity facing our country more clearly than perhaps we in this house do. Undoubtedly there would be similar demands from industry if it felt that there was any prospect of getting aid.

All research has been squeezed for funds. In consequence of this shortage of money and the second grade position that research has had we have lost, through what is commonly called the brain drain, many scientific people whom we could ill afford to lose.

The minister has quoted figures to show that in the United States something like 36 per cent of graduates are doing research, while in this country the percentage is around 15 per cent. That is much too small. Of course, he went on to point out that we are approximately 10 years behind the United States. I hope, as does he, that we can close this gap, but it is going to cost a good deal of money to do it.

Recently United States authorities provided figures which show that in a two year period from June 1963 to June 1965, of the more than 100,000 Canadians who emigrated to the United States, somewhat more than 50,000 were wage earners. Among these wage earners were 1,765 engineers and scientists. There were 1,187 technicians, 163 industrial designers, 258 university professors, 820 physicians and surgeons, 725 accountants and auditors, and 2,040 trained nurses. I think that is terrible and I am sure the minister will agree.

We cannot afford to lose these people, not only because they are our best skilled and potentially valuable people but because they indicate a heavy financial loss to us. It has been estimated that one such person has cost the state $10,000 to educate, and from this it can be seen that on the 1,765 engineers alone we lost $17 million.

• (8:10 p.m.)

Today we are spending something like 1 per cent of our gross national product on research and development. The United States is spending more than 3 per cent for this, while countries like Belgium and France spend more than 1 per cent. We are not spending nearly enough. It is far too little to produce the result we want. Of course, as a scientist has put it, science is in its adolescence in Canada. He goes on to say that it will not reach maturity for another ten years. David Spurgeon in an article in the *Globe and Mail* of Saturday, March 19, pointed out

that in 1925 the National Research Council's expenditures were $139,000, while in 1965 they were $61 million. Naturally this leads to growing pains. We all hope that this new Science Council will help to eliminate some of these pains. It should, and I sincerely hope will, direct money to the proper research projects. It should, and I hope will, stimulate the government to largely increase its support for research.

While I do not think that any particular phase of research merits much more help than that given to any other, it might be worth while to examine one branch more exhaustively; let us pick medical research for this. This is one branch that admittedly does need help, especially since we are preparing to introduce medicare in the near future. I previously stated that Canada lost 820 physicians and surgeons in two years. Since our universities graduate approximately 1,000 of these people each year, we lost 40 per cent of them to the United States. It is no wonder we lost them since the Canadian government's aid to medical research in the past year was only about $15 million; this is about 75 cents for every Canadian. Aid from private sources and $1½ million from the United States National Institute of Health added about another $5 million to this. This does not stand comparison with the United States where the National Institute spent $1,072 million on medical research or $5.35 per capita.

The Hall report gives us a good indication why our doctors go to the United States. It tells us that the Canadian doctor who is 30 years of age and holds an M.D. and a Ph.D. is able to get a research post in the United States which will pay him $15,000 a year and give him good facilities. I hope we notice that it says "give him good facilities". If he stays in Canada he likely becomes a lecturer at a Canadian university at a salary of $7,500 without many of the facilities he would have had in the United States.

John Cowan in an article in *Commentator*, which he called "Brain Drain—Nobody's Fault But Ours", said that only 67 per cent of applications for grants in aid of research were approved by the Medical Research Council. He considers this rejection as dangerously high. He was most disturbed by the fact that the more expensive projects which tended to be more imaginative and to take off into new fields were most likely to be rejected. He thought this tended to create an attitude on the part of the scientists to, in Mr. Cowan's words "apply for only small things, do not try for anything new and risky, stick to good conservative research techiniques, and you will get what you apply for."

The Saskatoon *Star-Phoenix* of March 19, 1966 pointed out that last January some 400 medical teachers and researchers forecast for the Prime Minister the financial aid which they thought would be needed in the next five years just to maintain present standards of medical practice. I quote from the article in the *Star-Phoenix*:

> New hospitals and equipment would cost about $150,000,000; staffs of medical schools and hospitals would have to be doubled in teaching and research.
>
> Research, administered by the Medical Research Council, would have to be doubled from $21,500,000 in 1965-66 to $87,100,000 by 1969-70, with Ottawa providing $80,000,000 of that amount. In addition, universities must contribute $15,000,000 annually or four times their present contributions.
>
> So a manpower shortage in medical research, teaching, and practitioners is facing us. Thus far our medical personnel requirements are being supplemented by the British Isles, Europe and Asia, but as those countries experience a fall-short, they will keep their doctors at home.
>
> Thus we may find that Canada has a national medical care plan, and the provinces have their plans administered on compulsory and voluntary bases according to the respective government policies. Unless the doctors are available to serve the people, the medical care plans lose their significance, because they are immobilized. Among the priorities we hear about, the problem of medical research, teaching, and supply of doctors, should be moved to the top of the list.

Since, then, the Science Council should be one more factor that would help us to enlarge research, it has my unqualified endorsement. More than that, not only do we need to keep the men who can do the research for us, but we need to see that these men get the space and the equipment which will enable them to do a first rate job, and which of course will keep them here in Canada.

As Dr. D. V. Bates, assistant dean for graduate studies in research at McGill University's medical faculty said—and I quote from the Ottawa *Journal* of January 23, 1965:

> "We can't bring scientists and show them empty floor space. How can we recruit good men? They can't work without tools."
>
> Dr. Bates said in an interview the Canadian government has said that "no mechanism exists" for capital grants to universities. He was in Toronto to attend the Canadian Society of Clinical Investigators convention.
>
> He named McGill, Dalhousie, University of British Columbia and the University of Western Ontario as the four schools. He said $4,000,000 is needed to equip the new buildings.

Lest you think I have devoted too much emphasis to a discussion of medical research, let me assure you that such was not my intention. All phases of research in chemistry, physics, the biological sciences, mechanics,

and the humanities—especially in teaching —require massive doses of money with some solid assurance that programs can be set up and carried through to a conclusion. To emphasize this may I quote from an article in the magazine *Contemporary,* an organ of St. Francis Xavier University, published on March 15, 1966:

> Only a bold, imaginative and massive program of government-financed scientific research can save Canada from early and certain defeat in economic competition with the other industrial powers of the world.
>
> It is an urgent matter of national security, said Dr. E. M. Clark, head of the physics department of St. Francis Xavier University and one of North America's leading physicists. Canada, he said should be spending an additional $500,000,000 on crash research programs in her universities.

He went on to say:

> "We are spending huge sums on Canada's military forces in Europe...In the long run, however, the real threat to Canada is not a military but an economic one. Our scientific research should be getting at least as much money as our air force wing in Europe."

I would like to say here that I agree with him wholeheartedly. In fact that might be a good place to get the money.

> "I think we can safely say that the military situation in the world today is stabilizing", said Dr. Clarke. "But the economic war is rapidly sharpening, and in this field Canada is falling behind.
>
> "Countries like Japan and Russia are making steady inroads into world markets for industrial goods. China will soon be a new and perhaps even greater threat. And much closer to home, of course, is the U.S.A. All of these countries are expanding their industrial plant at a much faster rate than Canada. And they are able to do it because they are spending far, far more money on research."

• (8:20 p.m.)

Lest one think that Dr. Clarke holds this opinion alone I would like to direct your attention to what the brief submitted to the Commission on the Financing of Higher Education by the Association of Graduate Schools says on the subject of graduate studies. On page 11 of this brief it is pointed out that the total annual current expenditure for graduate studies in the humanities, the social sciences, sciences and engineering should be of the order of $90 million in 1964-65—certainly we are far short of that—$380 million in 1970-71, and $600 million in 1975-76. In addition to this there should be capital expenditures of $488 million for the period 1964-65 to 1970-71, and $353 million for the period 1970-71 to 1975-76.

To put it another way, the association is convinced that extremely heavy investments by the nation—some nine to ten fold higher than in the past—should take place over the next 11 years. I know that the Budget made some attempt to stimulate assistance for research, but this attempt is problematical of success and certainly will not fill the need.

I re-emphasize what I said before, and what Dr. Clarke said, that the future of this nation depends upon developing a research program which will enable industry and science to provide us with the developments which will lead us forward as an industrialized nation.

I hope that the new Science Council will be listened to by the government, and that through its efforts research will be provided with the funds to meet the needs I have outlined. I note what the Hon. Minister (Mr. Drury) said about the level of scientific advance being dependant upon the state of scientific education and the general education of the people, and I cannot agree with him more. I hope, however, that this is an indication that the government will be prepared to increase substantially not only aid to research but aid to education as well.

Mr. Max Saltsman (Waterloo South): Mr. Speaker, let me begin by joining with the hon. member for Kindersley (Mr. Cantelon) by indicating support for Bill C-149.

The minister gave us a very leisurely delineation of this bill. I think his delivery tonight was perhaps typical of the whole attitude that has generally prevailed about the need for a science policy in Canada. We welcome the news that we will have a council, but we cannot let this occasion pass without expressing regret over the loss of many years to the people of Canada in this regard.

There have been commissions and more commissions, and the Prime Minister on April 30, 1964, when he indicated that he would accept the first recommendation of Dr. Mackenzie's report, missed the opportunity of bringing in the second recommendation which called for the establishment of a science policy. That time has been lost and it will be increasingly difficult for Canada to make it up.

I was somewhat disturbed by the minister's statement that we must wait, or words to that effect, for Canadians to prepare for spending. The truth of the matter is that Canadians have been prepared to spend for a long time but have been waiting for the government to provide some direction in this regard. We hope that with the establishment of this organization, with the combination of the

secretariat of the Science Council and the minister responsible, we will be able to accomplish in the area of science what we have been able to accomplish through groups such as the Economic Council of Canada.

To a considerable extent our experience with the Economic Council has been non-partisan. The council has performed an invaluable service to this country and has presented objective information and conducted objective research into problems in Canada. Certainly all of us hope that the new science secretariat will do the same.

I was somewhat disturbed by the minister's complacency when he pointed out that the government's efforts over the years had been increasing and that it has allocated larger and larger resources to the development of sciences in this country. I should like to quote some figures which show that in spite of the fact that the gross amount spent in the field of science has been increasing, the actual allocation to individuals working in this field has remained level, if not somewhat lower than in the past.

I should like to refer to the one area of operating grants given to people in our universities for conducting scientific research. This is the only type of grant, in most cases, that an individual conducting research can look forward to in order to continue his work. I have computed the average grant per person in physics by adding up the amount of operational grants and dividing it by the number of persons who receive grants.

By making this calculation I arrived at these figures. In 1958-59 the total amount spent was $402,000, the number of people involved was 76 and the average grant was $5,300. In 1959 to 1960 the total amount granted was $476,400, the number of people involved was 100 and the average grant was $4,800. In 1960-61 the total amount was $580,480, the number of people involved was 106 with an average grant of $5,500. I shall not read the complete list but I want to mention the last year. In 1963-64, which is the last year for which I have statistics, the total amount granted was $892,700, almost double that for 1958-59. However, the number of people involved was 181, and the average grant, instead of being even $5,300, as it was for the 1958-59 period, had gone down to $4,950. The cost of research has gone up significantly and the amount of grants in support of research should also have gone up in proportion to that increased cost, but that is not the case. These figures can be contrasted with the situation in the United States. There a young newly appointed professor of physics can expect a grant of from $15,000 to $25,000 per year. A well established professor will have a research budget of almost $100,000 per year.

There is a crisis in Canada in the sense that we are losing some of our most able people. This relates not only to the number we are losing but to the quality of the people being lost. I should like to quote from Dr. L. E. Howlett on "Physics in Canada" in which he says:

> Above all we should ruthlessly stop certain ingenious optimists who keep publishing statistics to show that the over-all statistical balance proves the loss is not a too serious one.

He is referring to the exodus of Canadian scientists to other countries. He then states:

> This is arrant nonsense. The quality of the people who move is the thing of overwhelming importance and this must be examined before numbers have any meaning at all.

• (8:30 p.m.)

I believe we all recognize that if we are going to keep these able people in Canada we are going to have to support them with adequate sums for research purposes. I certainly hope that the new Science Council of Canada will recognize this situation.

I have read the terms of reference of the council and they are very good, with one exception. The duties are defined as giving consideration to, and making reports and recommendations to the minister on, the adequacy of the scientific and technological research and development being carried on in Canada; the priorities that should be assigned in Canada to specific areas of scientific and technological research. I think these duties are fine. However, Mr. Speaker, this council will have to be given one further term of reference, and it is one that only the government can give it. The government will have to define the kind of objectives and the quality of the work it wants to see carried out in Canada so that the council, with the duties assigned to it, can make some intelligent decision with regard to those objectives.

Unless this or any other organization has clearcut ideas about what the national purpose is, I feel it must prove inadequate to the task; it will flounder around in all directions seeking a sense of guidance for the things this country requires. I urgently suggest to the minister and the government that they define a clearcut policy. Regarding the kind

of country they want to see Canada become; whether it is to be a country just passing out a little bit to every scientist who comes along and spreading the gratuities all over, whether there is to be an emphasis on quality and whether some direction will be given to the Science Council to see that whatever Canada embarks upon, whichever courses of action are decided upon as being most advisable and which sciences shall be supported, those sciences are supported with funds which are adequate to ensure that only the highest quality work will be done in this country.

I think we would be far better off to do fewer things in Canada and do them extremely well than to try to imitate our neighbour to the south, the countries of Europe or any other country in regard to science policy. We have special problems in Canada; we have a relatively small population with a special geography. Some direction from the government in this regard would prove of great importance to the work of the Science Council.

I hope that I read the terms of reference correctly and there will be a minister of the crown who will answer to the house for the Science Council, so this house can question him on its work and he can bring before the house matters of direction that the council will require. If this is done, the house will have an opportunity of expressing an opinion. I should like to close my remarks by quoting from an article by Dr. J. Gordon Parr, Dean of the Faculty of Applied Science, University of Windsor, in which he says:

> It is not, however, too early to appreciate that direction—guidance, if you prefer it—is lacking.

He was referring to the scientific secretariat.

> In what areas is industrial development most promising? In what subjects should we rely upon imported technology? In what products do we have a peculiarly Canadian advantage? To what extent should universities be expected and encouraged to contribute to a national effort?

I hope this council will solve some of these problems for the Canadian people.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, as my colleague the hon. member for Waterloo South (Mr. Saltsman) has said, I take it that all members of the New Democratic Party welcome the introduction of this legislation. Even being as pessimistic about it as one can be, I would be inclined to say that it is certainly worth a try. In other words, it would appear obvious to me that something needs to be done to co-ordinate and indeed to tabulate what is or is not being done in the various fields of research in Canada. Certainly some steps need to be taken to ensure that there is not unnecessary overlapping of effort and that there is some planning for the proper allocation of the trained personnel we have available.

My purpose in rising to take part in the discussion on this bill is to suggest that my contention that the idea of a Science Council is certainly worth a try has been borne out, as far as I am concerned, as a result of some efforts I have been making in recent months to arrive at a picture in my own mind as to what is or is not being done in a particular field of research, namely the matter of the control of pollution of our air, water and soil.

I have found it very difficult to really get any picture in my mind and have come to the conclusion that possibly no one in Canada has a complete picture of what is being done in this field, or what is really required to be done. If the establishment of a Science Council can do something to correct the situation in this particular field of research, even apart from any other very necessary fields of research that are required in our modern society. I for one am willing to support the idea embodied in this bill and hope that the council when established will, among other things, give us an assessment of the requirements and priorities in the field of research and action in the development of the control of pollution.

Therefore, Mr. Speaker, by way of illustrating what I feel should be the function of this bill I shall pretty well confine my remarks on it to this particular aspect of research, in the hope that it will serve to commend the bill to the house and also focus the attention of the house and of the Science Council of Canada, when it is established, on the high priority as far as this particular field of research is concerned.

• (8:40 p.m.)

A number of rather interesting articles have appeared recently in various publications in this connection. A series of articles was published in the Vancouver *Sun* a year or so ago, written by their reporter in this field, Mr. Arnie Myers. I believe this was a very commendable effort in expanding our knowledge as citizens of the problem, and of setting out some of the limitations on what is being done at the present time. I am glad to notice that in recent months the Toronto *Globe and Mail* has also been publishing a number of quite interesting articles in this

field. The article, under the byline of Mr. John Leblanc, which appeared in the Toronto *Globe and Mail* for April 13 of this year, apparently concerns an interview with the director of the University of Toronto Great Lakes Institute, Dr. George B. Langford. The author describes Dr. Langford as a veteran educator and scientist with a six foot four physique, academic credentials as imposing, and a high degree of disrespect for most politicians.

According to the article Dr. Langford had come to the conclusion that not many people in Ottawa like him. I suggest, however, that the Minister of Industry (Mr. Drury), other members of the government and members of the house, should not be prejudiced by their likes or dislikes in respect of words that may be uttered on such subjects as pollution and the need for expanded research by those who have the professional and technical qualifications to advise us. The article goes on to illustrate some of the remarks which, in the writer's view, may explain some of the dislike in Ottawa for Dr. Langford. Perhaps I may quote from the article:

> Proliferating Canadian and American—federal, provincial, state and international agencies dealing with the lakes outdo Parkinson's Law. (The theory is that any given number of government employees will create enough work to keep themselves on the payroll).

Later on in the article, we find this:

> His relations with most government bodies being somewhat strained, he is not surprised that his research organization's body of knowledge has not been called upon as an emerging water crisis becomes clear. On the other hand, he is not impressed by the current flurry of official action north and south of the international border.
>
> "Now that they're finally waking up to the problem, they want to dash off on their own in all directions like Don Quixote's horse."
>
> Action, it is true, is sprouting on many fronts. Until recently, there were about 77 bodies dealing with one aspect or another of the lakes. A few more are in the process of being created as the various governments initiate hurry-up campaigns to reverse, or at least restrain, the developing foulness of the lower Great Lakes.

I hope that the Science Council of Canada is not going to become simply another of these proliferating bodies to which reference is made in this article, but rather a body which may serve to co-ordinate and possibly reduce the number of bodies that are working, perhaps sometimes at cross purposes or at least without knowledge of what each one is doing, in connection with the various aspects of research work. If Dr. Langford's analysis of the situation in respect of the Great Lakes is correct, I suggest that it is, in itself a rather weighty argument in support of the establishment of something along the lines of the proposed Science Council of Canada, provided it will be given freedom and authority and that action will be taken upon its recommendation to reduce this proliferation to which Dr. Langford refers.

I am not going to read all of the article, but I quote a portion which has some significant points which emphasize to me, at least, the importance of taking a forward step in the field of scientific research. Talking about the hurry-up action in the Great Lakes situation, the article says:

> The action has been stimulated by a spreading awareness that the multiplying tonnages of human and industrial wastes pouring into the lower—and smaller—lakes are taxing the capacity of the waters to keep themselves refreshed—
>
> Eutrophication—overloading with nutrients from shore discharges—has caused an unnatural mushrooming of low forms of life such as algae over more than a fourth of Lake Erie's area. Water quality has deteriorated, more desirable forms of fish have faded away and large sections of shore have been fouled. Lake Ontario and Lake Michigan have developed similar characteristics in spots.
>
> Just what Canada will be doing about all this is not yet clear; new moves appear confined to doing more studies.

The article goes on to deal with some of the proposed actions in the United States. It is made clear that quantitatively at least the United States has been responsible for more pollution of the Great Lakes than we have in Canada so far. This is understandable in view of a comparison of our population and industrial development in the area.

Later, the author points out:

> Federal Mines Minister Jean-Luc Pepin, who carries the central government's share of water responsibility, indicates that Ottawa's activities this year will consist of some sampling of Lake Ontario and St. Lawrence River water. The Mines Department will spend $1 million and the Health Department a lesser amount. The Ontario Water Resources Commission—a provincial agency—will conduct other sampling.

Then reference is made in the article to another matter which I think will be an increasingly important subject for public action. Certainly, I think it is related closely to at least the initial stages of the work of the Science Council. The article goes on to point out this:

> Somewhat less tangible—and considerably further in the future—is a role that may be played by the Canadian Council of Resource Ministers, a federal-provincial group set up several years ago with a secretariat in Montreal.

I feel that at some point in the discussion of this bill it might be useful if the Minister

of Industry were to indicate just what relationship he envisages between the proposed Science Council of Canada and the federal-provincial council of resource ministers. It does seem to me that there should be, very definitely, some form of liaison established, and it should be understood what the relationship between these two bodies is to be.

I shall just quote briefly from the article once more:

> The conference is planning a Fall convention on pollution and our environment—the group calculates water, air and soil pollution costs Canada $1.1 billion a year—and is going to begin with 100 background papers on the subject, written by experts.

I would say, Mr. Speaker, that in relation to some of the figures that have been mentioned by other members concerning the current spending on research, this cost indicates to me the possibility of achieving a net saving to our country by stepping up our research in this particular field, if in no other.

• (8:50 p.m.)

The article goes on to point out that the conference will begin with 100 background papers on the subject written by experts. After that there will be another series of papers on how to control it; but this is a long range proposition, the article says. I suggest that out of that conference the Council of Resource Ministers should find considerable food for thought and study; that is, if these background papers are what I hope they will be—pretty representative of current knowledge and thought on what can be accomplished in this particular field of research.

In this connection, and to further illustrate the need, in my view, for the establishment of this Science Council, I point out that I have been trying to seek some information on what the federal government is doing in the field of pollution research. There was recently tabled a reply to an order paper question I had asked, No. 555, regarding what research is being done. I asked which departments or agencies of the federal government are conducting research into (a) water pollution control and (b) air pollution control. Then I went on to ask what amounts for each of the last five fiscal years had been spent in this field.

The reply I received was a somewhat conditional one, but rather an illuminating one in a number of ways, one which illustrates the need for some greater co-ordination and understanding of what the various arms of the federal government are doing in this area. I realize it is a little difficult in some respects to define what is or is not being done in this field specifically related to research to achieve control of pollution.

For example, the National Research Council indicates in the answer given by the Minister of Industry that the council itself is not doing research into water pollution control or air pollution control. In 1964 the National Research Council established an associate committee on water pollution to co-ordinate the interests of Canadian universities, industry and government in the matter of water pollution and to encourage research into the problem in Canada. Support was also given to researchers in the universities for scientific research in several relevant areas, the result of which could be of potential use in the field of control.

It is apparent to me, Mr. Speaker, that while the Research Council has shown some interest in this subject, it appears from the answer given that the council is not fully aware of all the ramifications of its efforts or what is being done by various universities or other agencies across the country.

An answer supplied me by the Minister of Mines and Technical Surveys (Mr. Pepin) informs me that that department does not carry out research into the control—it underlined that word in its answer—of water and air pollution. However, the department does conduct air and water pollution studies. On that basis the questions are answered in this way, and I should like to put some figures on the record because they are important in relation to the estimated $1.1 billion that the council of resource ministers suggested pollution is costing us today.

In the period 1961-62 air pollution studies represented an expenditure of $22,300; water pollution studies cost $5,000. In the period 1962-63 air pollution studies cost $22,300; water pollution studies, $5,500, an increase of $500. In 1963-64 air pollution studies cost $22,300; water pollution studies, $8,500. In 1964-65 air pollution studies cost $23,300; water pollution studies, $10,250. In 1965-66 estimated air pollution studies cost $37,300; water pollution studies, $51,750. It is to be noted that of the water pollution studies expenditure for the period 1965-66, $14,000 went to the Great Lakes Institute.

Then I had another answer from the Minister of Transport (Mr. Pickersgill) which informed me that the Atlantic Development Board, for the fiscal year 1965-66, spent $18,955.88 on water pollution control. Apart from

those figures, Mr. Speaker, the only figures of expenditure by the federal government that I have been given on reserarch into this field relate to moneys spent by the Department of National Health and Welfare, the Department of Fisheries and the Fisheries Research Board of Canada. These figures are, in my view, of very minor consideration indeed.

For example, the Department of National Health and Welfare has spent on water pollution control an average of between $40,000 to $50,000 per year over the past five years. The Department of Fisheries estimates that it has spent $90,000 over each of the last five fiscal years. The Fisheries Research Board of Canada, in addition to that spent by the department directly, has spent of the order of $55,000 to $60,000 per year average over the last five years. This is all in the field of water pollution control.

The only expenditures in air pollution control have apparently been made by the Department of National Health and Welfare and I should like to put these figures on the record. In 1961-62, $58,096; in 1962-63, $72,858; in 1963-64, $94,438; in 1964-65, $119,487; and in 1965-66, $112,036. Those figures represent, according to the return given me, the total amount currently being spent by the federal government in the field of pollution control, which the council of resource ministers estimates is presently costing Canada $1.1 billion a year.

If the Science Council of Canada can do something to change this situation, then I for one will be glad to see it go into operation. I should point out that the answer I was given does make it clear it is provided with the explanation that the reported activities of the department and agencies include only those which have been directed specifically toward research into water and air pollution control, per se.

• (9:00 p.m.)

Not included, according to the answer I received, are the wide ranges of departmental investigations and monitoring of water and air phenomena which directly or indirectly affect the nature, distribution or dissipation of pollutants. I think this is an answer which might properly be put on record. I do not think one could put a question on the order paper which would produce an exact answer telling us what is being spent for such purposes as the monitoring, and other studies to which reference is made. But other figures indicate that it probably represents a very small proportion of federal expenditures in relation to the necessity of dealing with this growing problem as a matter of urgency.

I hope the Science Council can also do something to keep the government and all concerned more directly in touch with what is being done in various research fields. To illustrate this point I should like to refer to a letter I received from the Minister of Forestry after I had asked some questions during his estimates about an amount of $1,700,000 granted to the Pulp and Paper Research Institute of Canada for its capital spending program.

I asked the minister whether or not this research institute was conducting any research into pollution. He said he really did not know but he would obtain an answer for me. I am glad to say he did. As a result, I had sent to me, together with a covering letter, a letter from the President of the Pulp and Paper Research Institute which outlined some of the work which this body is doing. It indicates that in a modest way at least some research has been done in the pollution field, though, apparently, "in a corner", without the minister who is responsible in this field having any direct knowledge of it. I take it that this is the kind of situation which the proposed Science Council is designed to remedy. I hope the council will be successful in its endeavours.

I am sorry there is not time to put on record the full statement made to the minister and, indirectly, to myself by the President of the Pulp and Paper Research Institute because it does contain some interesting information. However, I invite any members of the house who may be interested to have a look at the letter.

I have mentioned this in the present context because I think it illustrates how uncoordinated and, in many respects, how fragmentary our efforts have been in various fields of research, particularly in this field of research into pollution control in which I am interested, because it affects many people in the part of the country I represent. In addition, all hon. members will agree that this is a question of growing national importance.

I hope that when we get into committee of the whole the minister will be able to amplify and clarify some of his ideas as to the way in which this council may be able to assist in dealing with problems of the kind to which I have drawn attention.

Mr. A. B. Patterson (Fraser Valley): My hon. friend from Okanagan-Revelstoke was supposed to speak on this subject on behalf of the Social Credit party, but the Committee on Broadcasting, Films and Assistance to the Arts, is sitting at the present time and he is a member of that committee. It is therefore my responsibility to pinch hit for him tonight and make a few brief observations on this measure.

I do not consider myself qualified to make any profound contribution to the debate on this question but I venture to suggest that all members and possibly all Canadians are concerned with this matter of scientific research and development. The world is moving rapidly along this particular road and we must make sure that Canada maintains its place in the onward march.

It has been pointed out that Canada is losing a great many well qualified individuals who are moving to other parts of the world, particularly to the United States, because of the lack of adequate facilities, opportunities and remuneration here. This is a matter of real concern. We are constantly reading articles in magazines, newspapers and various periodicals drawing attention to the disastrous effect this process will ultimately have on Canada and its place in the world. Because of this we are happy to support the establishment of the Science Council as indicated in the measure before us.

However, I should like to refer to a difficulty to which attention has already been drawn—the proliferation of agencies and departments of government which are presently engaged in various pursuits which closely parallel the contemplated work of the Science Council. I believe the minister when introducing this measure said that in some way the work of the Council would parallel part of the work of the Economic Council. We hope, therefore, that in working out the programs which will result in the establishment of this agency steps will be taken to ensure that there will be no unnecessary overlapping of activity or work as between these two bodies or other bodies working in the research field.

We all recognize the valuable work which is being done in the field of research by our universities and by private industry. We look to this Science Council to become an agency which will not only promote projects and research studies but serve as a repository for information and data which are fed to it by other agencies working in this field.

• (9:10 p.m.)

I believe it essential that priorities be established for the work of the council. It will not do for it to start off in a haphazard manner and shoot off in every direction. Close attention will have to be given to the immediate, pressing needs of our nation and economy in order that they receive prior consideration.

In another context it has been pointed out that in meeting the social and economic needs of the people of Canada we must establish priorities, recognizing the fact that capital is somewhat limited and is not sufficient to meet the challenge in every field of activity and endeavour. I believe the same principle obtains in the area of science.

Just as an aside, Mr. Speaker, an hon. member, a friend of mine, made a suggestion a few minutes ago that in view of the fact development in the fields of science and research will cost so much money, one of the first projects to which the council should give attention is research into the science of finance. Even though he is not a member of the party to which I belong, he suggested it might be advisable and profitable to have research into the Social Credit financial philosophy and proposals. We believe that the adoption and implementation of our financial proposals would give the treasury of our country a certain amount of capital which could assist the development of a science program—

Mr. Speaker: Order. I am sure the hon. member for Fraser Valley (Mr. Patterson) expects me to intervene to remind him that the house is considering the establishment of the Science Council of Canada and this has very little to do, so far as I can judge, with Social Credit science, as the hon. gentleman calls it. I would suggest he revert to the subject matter at hand.

Mr. Patterson: With all due deference and respect, Mr. Speaker, we are talking about how to finance scientific research and development programs. This is one of the problems with which the council will be faced. Therefore, with all respect and sincerity, I submit that what I have suggested would contribute to quite an extent to the meeting of that problem and provide the finance that is necessary to move forward in these fields. I appreciate your indulgence, Mr. Speaker, and with these few remarks will conclude my contribution to this debate.

Science Council of Canada

[*Translation*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I thank you for recognizing me for the third time today. It may be that in the consideration of certain legislation, because of certain criticism I utter, I may be looked upon by you as Daniel in the lions' den. Tonight, the lions are not in a roaring mood; to the contrary, they seem quite apathetic, considering the atmosphere of the house.

Nevertheless, I think the lions, in view of the principle of this bill, are not in the proper cage as consideration is being given to the establishment in Canada, under exclusive authority of the federal government, of a Science Council of Canada.

I am quite aware that few voices will be raised in this house to recall the provisions of the Canadian constitution, but as long as the courageous population of Sherbrooke riding continues to send me here—and I say courageous because they put up with me, as my colleagues do—I shall repeat my deep conviction that the administration of Canada cannot be conducted in utter chaos.

The provisions of the Canadian constitution must be adhered to. Now, under the confederation agreement of 1867, more precisely under sections 92 and 93, all questions of a local, regional, social, civil, religious and educational character have been given to the provinces. There is a special section of the Constitution, section 93, under which exclusive jurisdiction is given to the provinces in matters of education.

In 1937, Supreme Court Justice Duff ruled that such exclusive jurisdiction belonged to the provinces at all levels, elementary, secondary and university.

Such, then, are the guiding constitutional principles.

Oh, I know too well that during economic depressions and in wartime, the central government has crept into certain fields. But what has become unconstitutional is that in peacetime it stepped up this practice and its meddling in fields of provincial jurisdiction.

In short, the purpose of a science council is highly commendable. We have an urgent and immediate need for it; all the more so because we note that most of our scientists, graduating from our universities, are leaving the country, mainly for the United States. From 1956 to 1961, 1,239 Canadian scientists moved to the United States.

I admit that the problem is important, but I say, Mr. Speaker, that in this field, like in many others, the government should proceed in conjunction with the provinces, according to the evolution of modern-day problems.

Preparations are being made for a June conference on education. Let us see how the central government proceeded in the field of education which relates to that of science a field in which provinces have exclusive jurisdiction under the Canadian constitution. Well, it has reached a point, where it grants prizes to students, announces scholarships, prepares a national conference on education in June, and is now meddling in a provincial field without the co-operation of the provinces. In my opinion, it should have waited to put the science council project on the agenda of a federal-provincial conference on educational and scientific problems, precisely in order to establish co-operation in the evolution of the Canadian constitutional life.

The mentality is not the same as it was in 1867. We admit that. On the other hand, I am against a government, whether provincial or federal, interfering in a field coming under another government's jurisdiction without co-operating with the latter.

Mr. Speaker: Order. I hesitate to interrupt the member for Sherbrooke when he is expressing with such eloquence his views on the resolution now under consideration, but I must remind him that the standing orders do not allow a member to make the same speech twice, and the member for Sherbrooke is now repeating substantially the same speech he already made in this house when we considered this bill at the resolution stage.

If the hon. member will refer to page 2869 of the official report, he will find there in substance the same remarks he has just made. Under the circumstances, I take the liberty of reminding him that he is not allowed, under the standing orders, to repeat remarks already made.

Mr. Allard: Mr. Speaker, I congratulate you on your excellent memory, because it is true I expressed certain views in more detail on another occasion, but at the time, I had put some questions to the minister (Mr. Drury), who is now looking at me sympathetically, but he left them unanswered then.

I shall put the question more precisely today. Is there any specific agreement or consultation, in short, any approval on the part of the provincial government in this matter, or has the minister received any protest?

I should like the minister to give me a specific answer to this question.

• (9:20 p.m.)

[*English*]

Mr. Speaker: The hon. member for Kootenay West.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I will be very brief, but I cannot resist rising to say I think all members of this house support the principle and the purpose of this bill. I wish to congratulate the honourable and gallant gentleman for accepting the C.C.F. policy 30 years late. This was the policy of the C.C.F. as enunciated by the league for social reconstruction which was more or less the Fabian society of the C.C.F. in 1935. But better late than never. We are very pleased to see that the minister in introducing this bill has accepted another of the C.C.F. or New Democratic Party, policies. If they keep going at this rate, we shall have to work on some more policies for the years ahead.

In any event I was very interested in the statement made by the minister, which I thought was quite a clear cut exposition of the principle and purpose of this bill. I am not one of those who is pessimistic. I know the minister's war record; he was a good administrator and I expect him to put the same effort into the administration of things concerning the Canadian people during a time of peace.

Someone around here said something about soft soap. I do not know whether or not that was my friend in the Social Credit party. Speaking seriously, Mr. Speaker, I am quite optimistic about this bill if the government proceeds with it according to the exposition by the minister this evening, and I am sure we will see some good results from it. As I see it, the concern simply will be—and this is my recommendation to the government—that parliament will approve these recommendations, if they agree with them, and provide the funds.

At this point I should like to mention the fact that my hon. friend from Fraser Valley (Mr. Patterson) was quite in order when he suggested that with this Science Council they also would be quite justified in investigating the science of money, because this was done by Mr. Keynes' science council for the examination of finance, which reported to some organization in the United Kingdom. I am not saying I can accept all the ideas of the member of the Social Credit party, but I think it would be well to have some persons approach objectively the question of providing funds for programs designed by the parliament of Canada. I hope I have put myself in good order there.

Without a doubt research is the greatest need. That was brought to my attention very recently when I paid a visit to the University of Michigan when I was at Ann Arbor. At that time I had been invited by some of the faculty there, and had an opportunity to meet some of those persons interested particularly in the problem of the conservation of national resources, such persons as Dr. Leonard, and others like him, who were most interesting persons to speak to. During the time I spent with them I learned a great deal. Last year that university had $40 million for research. I understand they do a good deal of space research and other research for the government of the United States. Just compare that; one university in the United States last year spent something over $40 million for research. We have a long way to go in this country. As I said before, they do a good deal of research which is carried out in respect of programs designed by the United States government.

For some 20 years I have preached on this subject. I am going to put this resolution on the record before concluding, so that the Science Council will have something to get on with in the first instance:

> That, in the opinion of this House, the government should consider the advisability of the creation of a water pollution control division, composed of representatives of the ten provinces, within the framework of the proposed National Resources Council, with powers and funds required to institute research programs, collect, collate and analyse water control data, and to co-ordinate the water pollution control objectives for the provinces; in addition, to further the study of water pollution control problems of a national character.

I put that down, Mr. Speaker, to bring it particularly to the attention of the minister, as one of the first problems this Science Council has to undertake. I might say also that I was invited by the Engineering Institute of Canada to attend a seminar conducted by the Young Liberals Federation of Canada at the Chateau Laurier on water resources and water pollution, and I attended it. I have to be very careful what I say now. In fairness I wish to say that I congratulate those who organized that seminar. Nearly 400 people were in attendance. I wish to congratulate them for the progressive approach taken by the delegates there. I spent a most interesting day; as a matter of fact it was a day and a

half. Whoever organized this seminar organized it very well. I met a number of very bright young men to whom I intend later on to sell New Democratic Party memberships.

Now, I have one other suggestion. I suggest that sometimes scientists are inclined to get divorced from the public. The function of parliament is to keep, shall I say, the ultra type of people in touch with the ordinary people. In the administration of this act I suggest that the minister not only co-operate with the provinces, which I am sure will be done, but also co-operate with public bodies, and with the public, with a view to getting their understanding of what is being attempted and also with a view to receiving information from ordinary persons. There is many an ordinary person who does not have a degree or anything of that nature who comes up with great ideas. The council has the opportunity of getting the best result by using all the brains that are applied to this problem of research, such as program priorities and things of that sort.

With those few remarks I now take my seat.

• (9:30 p.m.)

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

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

Clauses 2 to 10 inclusive agreed to.

On clause 11—*Duties of the Council.*

Mr. Drury: Mr. Chairman, in the course of my remarks earlier on the second reading of this bill, I endeavoured to make a distinction between planning for science and planning in science, and indicated that the role of the council was planning for science and technology whereas the role of the operating agencies was planning within science.

I would, therefore, suggest that clause 11(d) be amended by changing the first line which reads:

—longterm planning in scientific and technological research and development in Canada;

It should read: "long term planning for scientific and technological research and development in Canada".

Mr. Robichaud: Mr. Chairman, I move:

That clause 11 (d) be amended by replacing the word "in" in the first line by the word "for".

[Mr. Herridge.]

Mr. Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

Mr. Enns: Mr. Chairman, perhaps I should have put my question in relation to the amendment, but my concern is whether or not the Science Council will concern itself with behavioural sciences. I am thinking of fields such as psychology, psychiatry, social work and so forth. I am not sure whether the amendment relating to scientific and technological research will cover these services. Perhaps I should address myself to paragraph (h) of this clause which refers to certain aspects of scientific, economic and social aspects of life in Canada.

I do not know whether or not the minister has considered this or not, but any discussion about elemental research or the study of personnel, manpower and social sciences will definitely affect any progress we may make. Specific measures have been considered by this house such as medicare and the Canada Assistance Plan, as well as the Company of Young Canadians and the broad question of penology. I should like to ask the minister whether the Science Council will be able to consider the behavioural sciences?

Mr. Drury: I think I made it quite clear at the outset of the discussion on the resolution that sciences and scientific research in the sense used in this bill in relation to the Science Council relate to the so-called natural sciences and not to social sciences. The natural sciences and technology in this sense as indicated in paragraph (h) relate to the fundamental work of the natural sciences rather than social sciences.

Mr. Enns: Do I understand that the question of manpower will not come within the scope of the work of this council?

Mr. Drury: Mr. Chairman, obviously in so far as sciences in Canada are concerned, the output of manpower will have a relationship and to that extent will be considered. One cannot advance scientific research and technology without increasing the number of men available. For that reason there will have to be some study made as to how best to train these men and use them.

[*Translation*]

Mr. Allard: Mr. Chairman, I should like to direct a question to the Minister of Industry pertaining to clause 11 (f).

Under subsection (f), it shall be the duty of the council to assess:

The responsiblities of universities in furthering science and technology in Canada.

Could the minister tell us whether he has obtained the consent of the Quebec government or discussed the matter with that government? There are other universities in Quebec. The minister knows the Quebec mentality. Is it the duty of the council to assess the responsibilities of universities? Would the minister elaborate on this matter?

Mr. Drury: The clause under consideration entrusts the science council with the task of establishing the responsibilities of the government towards the universities. This does not mean that it will try to establish the responsibilities of the universities but rather those of the government towards the universities.

Mr. Allard: The minister knows very well that the government of the province of Quebec considers that it is its responsibility and not that of the federal government to determine the functions of those universities in every field.

Mr. Drury: I have just explained to the hon. member for Sherbrooke that we are not denying the responsibilities and the functions of the universities. The council will study the responsibilities, if any, of the government of Canada toward the universities.

Mr. Allard: In Quebec?

Mr. Drury: At the present time, the National Research Council of Canada allocates sums of money for research purposes to individuals in Quebec universities. I hope that the National Research Council will keep on making research grants to scientists in any Canadian university.

Mr. Allard: That is centralization.

[English]

Mr. Barnett: Mr. Chairman, I think it would be appropriate during our consideration of this clause to ask the minister whether he can comment on or answer a question I asked during the debate on second reading as to the relationship between the Science Council and the Council of Resource Ministers. I do not wish to re-arouse any discussion on this question vis-à-vis Quebec, but have there been any discussions as to the relationship between the Science Council and provincial agencies, such as the B.C. Research Council which was set up under the auspices of the government of British Columbia?

• (9:40 p.m.)

I note that in paragraph (h) reference is made to "developing and maintaining cooperation and the exchange of information between the council and other public or private organizations." Perhaps I might pinpoint my question by asking the minister whether in his understanding "other public organizations" could, if it was the desire of the provincial governments, embrace provincial governments or agencies as far as the terms of reference regarding the activities of the council are concerned.

Mr. Drury: Mr. Chairman, in response to the first question, namely the relationship between the Science Council and the Council of Resource Ministers, there is no plan for a formal link. The Council of Resource Ministers is a policy-making body in a special sphere. The Science Council will be a policy-evolving or policy-developing body in a larger sphere. Obviously I would expect that the Science Council would look to the Council of Resource Ministers for specialized advice, and that the Council of Resource Ministers might well look to the Science Council for general advice on larger targets. A precise relationship has not been worked out.

I have taken note of the interest of the hon. gentleman and will see whether consideration can be given to his suggestion. In relation to the second question, namely whether the Research Council of British Columbia is included in the phrase "other organizations", I think the answer is yes, the Science Council will seek the kind of information and advice it needs to render intelligent opinions wherever it can best be obtained, and reciprocally, if the Science Council of Canada can render valid advice and opinions I would expect the Research Council of British Columbia to seek advice and opinions from the Science Council. But it is not anticipated that there will be any role of a regulatory character or any control exercised by the Science Council of Canada over the British Columbia Research Council or indeed any other research council.

Mr. Barnett: I thank the minister for his answer. I think the minister would agree with me that, while the Council of Resource Ministers may be concerned with a limited area of activity, it is in a sense the first

federal-provincial body with a secretariat and does operate in a field in which what is being done in research is quite important. I am glad to know that the minister does envisage that there will develop at least some form of liaison, even though it is an informal one, between the Council of Resource Ministers and the Science Council. I would agree with him; I am not suggesting that it is something we could or should put in the legislation.

The Deputy Chairman: Shall clause 11 as amended carry?

Clause as amended agreed to.

Clause 12 agreed to.

On clause 13—*Initiation of studies, etc.*

Mr. Patterson: Mr. Chairman, I am having a little difficulty reconciling clause 13 with the amendment to clause 11 introduced by the minister. That amendment changed the word "in" to "for" and that portion of the clause now reads:

—long term planning for scientific and technological research and development in Canada;

I understand the amendment was made on the basis that the council does not carry on its own research but provides that it be done. Clause 13 says:

The council shall on its own initiative, or if directed to do so by the minister, conduct such studies, inquiries and other undertakings—

I am having a little difficulty, as I say, reconciling those two statements, and perhaps the minister would enlighten us.

Mr. Drury: Mr. Chairman, I think probably clause 13 refers rather to responsibility than actual operation. The intention here is that the council will assume responsibility for work that is done, rather than doing it itself. It will commission it, have it done through the science secretariat of the Privy Council office, endorse it as in effect being its own and carrying its judgment, and consequently qualifying under clause 13. As I indicated earlier, it will not itself have a staff or investigative agencies.

Mr. Patterson: In my view, Mr. Chairman, this wording is rather ambiguous. I wonder whether there should not be some change in the wording of clause 13 and instead of "conduct such studies" the wording should not be "provide for such studies", or something like that, in order to clarify the matter. Is the minister satisfied that the clause is clear enough so that its meaning is obvious?

[Mr. Barnett.]

Mr. Drury: I think the meaning is sufficiently obvious. Unless one uses a verb such as "conduct", it is difficult to attribute responsibility. "Provide for" means clearly that this will be somebody else's work, but if the council is not provided with any funds to conduct any studies, clearly those studies that bear its endorsement have been carried out by someone else but are the responsibility, and consequently the judgment, of the council.

Clause 13 agreed to.

On clause 14—*Council may utilize services of employees of other departments.*

Mr. Drury: Mr. Chairman, I think it may be rather more appropriate to government organization if clause 14 (1) made provision for the designation of other government departments by the governor in council rather than by the minister.

Mr. Bell (Carleton): Hear, hear.

Mr. Drury: I would accordingly suggest, seconded—by Mr. Bell (Carleton)?

Mr. Bell (Carleton): Yes.

Mr. Drury: —or by the Minister of Fisheries that in place of the last three words, "Minister may designate" there be substituted therefor the words "the governor in council may designate for the purpose." I think you already have that amendment in your hands, Mr. Chairman.

Mr. Robichaud: I move:

That clause 14 be amended by deleting in the first paragraph the words "the minister may designate" and substituting "governor in council may designate for the purpose."

Amendment agreed to.

Clause as amended agreed to.

On clause 15—*Not agent of Her Majesty.*

Mr. Bell (Carleton): Mr. Chairman, I wonder whether the minister would be good enough to explain the significance of clause 15 and the disclaimer in that clause of the council's being an agent of Her Majesty. I am quite interested in the contrast in this wording compared with, for example, the act setting up the Economic Council of Canada, where specifically in clause 17 it is said:

The Council is for all purposes of this act an agent of Her Majesty.

• (9:50 p.m.)

Why is it that in the Economic Council of Canada legislation there is such an adoption

of the council to Her Majesty, while in this case there is a total disclaimer of agency?

Mr. Drury: I understand, Mr. Chairman, that the analogy in this case is rather to the Canada Council, in which legislation there is a disclaimer of agency in relation to Her Majesty. The members of that council are not members of the public service of Canada. I think this situation relates to the fact that the functions of the council are advisory and that its members, as members of the council, will not be members of the public service, although some of them may happen to be members of the public service. Presumably, the council will not have to carry out executive functions. There is probably no necessity for it to be classed as an agent.

There is probably some rather more profound legal reason, but I must confess I do not know it. The note I have is that this is statutory.

Mr. Bell (Carleton): Would the minister be aware as to what the situation might be in respect of the National Research Council or the Medical Research Council? I have not had an opportunity of looking at the legislation with regard to that. I think perhaps this legislation should coincide with that of the Medical Research Council and the National Research Council.

Mr. Drury: The Medical Research Council is a division of the National Research Council.

Mr. Bell (Carleton): But set up by statute?

Mr. Drury: Yes, set up by statute. The National Research Council Act, which is very many years old, to the best of my knowledge does not make this disclaimer. However, the National Research Council has executive functions. It does, like the Medical Research Council, award grants, I think perhaps the situation is somewhat different from that of a body which will not be in the executive field.

Mr. Bell (Carleton): I am simply interested in seeing that we have a standard principle that is followed in relation to these measures. The matter having been raised it might, in another place, be considered as to whether this is the appropriate way to deal with this particular type of body and whether that principle might coincide with legislation of this type which we are considering, so that it might be standard.

Clause agreed to.

Clause 16 agreed to.

On clause 17—*annual report.*

Mr. Bell (Carleton): There is just one minor point in connection with clause 17. It seems to me rather extraordinary that it is the chairman of the council who is to transmit the report. Why is this not left to the council? I have observed that this has become a practice in draftsmanship, but it seems to me it should be the council which should transmit the report and not one particular officer of the council.

Clause agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

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

Mr. Starr: As amended, by leave now.

Mr. Drury moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

Mr. Drury: I wonder if I might ask the indulgence of the house? There is a small bill, entirely consequential on the adoption of the Science Council Act, which is concerned with some housekeeping amendments. It is a very short bill to amend the National Research Council Act and contains housekeeping changes.

Mr. Starr: You can deal with that when the bill comes up for second reading.

Mr. Drury: Second reading is for tonight.

Mr. Deputy Speaker: Does the house agree to call it ten o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

EXPO '67—REFUSAL OF PERMISSION TO RECORD R.C.M.P. BAND

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on April 20 the Minister of Labour (Mr. Nicholson) replied to the following question by the hon. member for Hamilton West (Mr. Macaluso):

Will the Minister of Labour use his offices with the American Federation of Musicians in order to obtain permission for a recording to be made of

the R.C.M.P. band at Expo '67 as a cultural contribution to Canada's centennial year since this permission has been given to the United States army, air force, navy and marine corps for cultural purposes?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I have used my offices in this connection. Representations have been made to the American Federation of Musicians in relation to the proposed recording of the R.C.M.P. band. The policy of the musicians union is that persons who are not members of the musicians union are not allowed to record since it would be in violation of the recording agreement between the recording companies and the union. The members of the R.C.M.P. band do not belong to the musicians union, and their participation in a recording would therefore violate the agreement between the record producers and the union.

In answer to the second part of the question, in the case of personnel of the military service bands in the United States, they are members of the union and therefore would be permitted to record.

Later that same day, Mr. Speaker, I asked the minister two questions, as follows:

Mr. Speaker, I wish to address two questions to the Minister of Labour, as a firm supporter of organized labour but also as a proud Canadian. My question arises out of the answer the minister gave with respect to the right of the R.C.M.P. band to record in Canada. My first question is, does the government agree with this decision of the international headquarters of the musicians union? My second question is, if not, would the minister consider discussing this matter with his opposite number in the United States in order to provide appropriate guide lines to meet this type of situation?

• (10:00 p.m.)

Then Mr. Speaker ruled me out of order.

I mention this because I have had a number of complaints about the matter. This is a question of United States influence affecting the celebration of our centennial year. I am very concerned at this attempt to prevent Canadians enjoying recordings of the R.C.M.P. band, particularly during our centennial year.

This type of situation was first brought to my attention some years ago when the band of the 48th Highlanders played for the celebration of the union of the two congresses. When I heard that the colonel of this regiment had to get the permission of brother Petrillo in the United States before he could play in public in Canada, I nearly vomitted. I know a good many other Canadians feel the same way about this sort of thing.

I am a strong supporter of trade unions. However, I am very much opposed to this practice and to this attempt to interfere with the playing and recording of bands in this country which are maintained at the expense of the people of Canada, through the federal government. Everything possible must be done to protect the musicians union and their rights, but it is going too far when they take this attitude.

[Mr. Herridge.]

Therefore, I suggest that the minister should discuss this further with the musicians union to see whether we cannot make some satisfactory arrangements for the R.C.M.P. band to be recorded at Expo '67 and at other events. We have thousands of Canadians who have never had the opportunity to hear this magnificent band. I know something about bands because I have played in a band, and I was once a band conductor of some five musicians. But many Canadians are denied the opportunity to hear a recording of this band during centennial year. I urge the minister once more to take this matter up with the musicians union and get them to see the Canadian point of view in this respect.

Failing that, if there is still no opportunity to obtain agreement I would suggest that we should form a crown corporation which would provide for the recording of music played by the R.C.M.P. band and army bands in Canada. During these recordings, in order to protect the persons concerned, all those taking part and playing in the recordings should be paid the proper union rates and dues. Therefore I shall look forward to hearing what the minister has to say about this interesting situation.

As I say, I have had many letters about this from persons who are interested in the welfare of organized labour and the work it is undertaking in Canada. Personally I strongly resent any attempt on the part of a United States labour leader to tell Canadians what they are going to do in 1967.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, as I am sure the house is aware, the Minister of Labour is unfortunately away on public business in the west and consequently cannot be here tonight. However, I will say on his behalf that I know he is fully seized of this question. He shares the views expressed by the hon. member that the R.C.M.P. band should be allowed to make its recordings. I think the hon. member can take comfort from the fact that the Minister of Labour will be pursuing the particular topic to which reference has been made.

Motion agreed to and the house adjourned **at 10.07 p.m.**

APPENDIX

ORDER IN COUNCIL RESPECTING STEVEN TRUSCOTT

P.C. 1966-760

AT THE GOVERNMENT HOUSE
AT OTTAWA

TUESDAY, the 26th day
of APRIL,1966

PRESENT:

His Excellency

The Governor General in Council.

Whereas there has been laid before His Excellency the Governor General in Council a report from the Solicitor General substantiating

That Steven Murray Truscott was convicted at Goderich, Ontario, on September 30, 1959, of the murder of Lynne Harper and sentenced to death;

That Steven Murray Truscott appealed the said conviction to the Court of Appeal of Ontario by which court the said appeal was dismissed;

That Steven Murray Truscott thereupon applied for leave to appeal to the Supreme Court of Canada by which court the said application was refused, the court at that time having jurisdiction to entertain such an appeal on questions of law only;

That on January 21, 1960, His Excellency in Council was pleased to commute the sentence of death so passed upon Steven Murray Truscott to a term of life imprisonment in Kingston penitentiary where Steven Murray Truscott is now confined;

That on September 1, 1961, section 597A of the Criminal Code came into force whereby a person who has been sentenced to death and whose conviction has been affirmed by the court of appeal may appeal to the Supreme Court of Canada on any ground of law or fact or mixed law and fact;

That there exists widespread concern as to whether there was a miscarriage of justice in the conviction of Steven Murray Truscott and it is in the public interest that the matter be inquired into;

That for the purpose of said inquiry the question hereinafter set out should be referred to the Supreme Court of Canada pursuant to section 55 of the Supreme Court Act;

Therefore, His Excellency the Governor General in Council, with and by virtue of the authority conferred by section 55 of the Supreme Court Act, is pleased to refer and doth hereby refer to the Supreme Court of Canada for hearing and consideration the following question?

"Had an appeal by Steven Murray Truscott been made to the Supreme Court of Canada as is now permitted by section 597A of the Criminal Code of Canada, what disposition would the court have made of such appeal on a consideration of the existing record and such further evidence as the court, in its discretion, may receive and consider?"

Certified to be a true copy,

R. G. Robertson,
Clerk of the Privy Council.

HOUSE OF COMMONS

Wednesday, April 27, 1966

The house met at 2.30 p.m.

• (2:40 p.m.)

[*Translation*]

PRIVILEGE

MR. KEAYS—PRESENCE IN CHAMBER DURING ADJOURNMENT DEBATES

Mr. J. Russell Keays (Gaspé): Mr. Speaker, I rise on a question of privilege concerning a statement made in the house by the hon. member for Bonaventure (Mr. Béchard). I am sorry I did not get the opportunity to do it sooner. As reported on page 4155 of *Hansard* for April 22, 1966, the hon. member for Bonaventure said:

> **In the same connection, I was here last night to answer a question and the one who raised it was not. This has happened on two occasions in the case of the member for Gaspé (Mr. Keays).**

Mr. Speaker, that statement is inaccurate; instead of "on two occasions" one should read "on one occasion".

I would be very happy if the hon. member for Bonaventure would be kind enough to make the necessary correction.

Mr. Albert Béchard (Bonaventure): Mr. Speaker, I just wanted to say that I followed in that matter the line of thought of the hon. member for Gaspé (Mr. Keays) who said on two occasions: I want to discuss that question here tonight. All the members concerned were here that night to answer but he was not here himself.

Mr. Keays: Mr. Speaker, in any case, the fact is that the question was called only once.

Mr. Speaker: I hope that the hon. members will come to an agreement about whether it was on one or two occasions.

[*English*]

PUBLIC ACCOUNTS

FIRST AND SECOND REPORTS OF STANDING COMMITTEE

Mr. A. D. Hales (Wellington South) presented the first and second reports of the standing committee on public accounts.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

Mr. Hales: Mr. Speaker, with the consent of the house I move that the first report of the standing committee on public accounts presented this day be now concurred in.

[*Translation*]

Mr. Grégoire: Mr. Speaker, before you read the motion we wish to make our opposition clear. We do not want to agree to the report being passed immediately, because on this side we would prefer to have a debate on it.

[*English*]

Mr. Speaker: If there is not unanimous consent the motion cannot be put.

Mr. Hales: Mr. Speaker, with the consent of the house I move that the second report of the standing committee on public accounts presented this day be concurred in.

Mr. Caron: I object, Mr. Speaker.

Mr. Speaker: I understand there is not unanimous consent that the second motion may be moved.

Mr. Starr: Mr. Speaker, I rise on a point of order. I wish to ask whether the motions presented by the hon. member for Wellington South a moment ago regarding the reports of the public accounts committee are debatable.

Mr. Speaker: The motions cannot be put without unanimous consent and, therefore, cannot be debated because they are not before the house.

Mr. Lambert: Mr. Speaker, I should like to suggest that perhaps argument can be submitted as to why the motion should not now be put, and on the objections that are being raised. I should also like to ask whether the hon. members who are objecting were in attendance at the committee meetings.

[*Translation*]

If you were here, you could attend the sittings of the committee.

Mr. Grégoire: Mr. Speaker, the reason why I did not attend the sitting of the public accounts committee is that I am not on it, but I object to concurrence in this report without previous discussion, because I do not give my

consent to a reduction of the quorum of committees. Committees are appointed with 25 members and a quorum of 13, and we believe that the quorum should not be reduced.

Mr. Lambert: Then attend the sittings.

[*English*]

Mr. Speaker: Order, please. Unanimous consent must be obtained in order to present the motion, and there can be no debate because there is nothing now before the house.

Mr. Starr: Mr. Speaker, I rise on a question of privilege. Speaking as a private member of this house, I believe there are individuals here who continually stymie the work of parliamentary committees.

Some hon. Members: Hear, hear.

Mr. Starr: I cannot understand why, after asking for positions on these committees, when a committee report is presented for concurrence these members object to the suggestion that these committees sit while the house is sitting. As a private member of parliament I feel that the work of these committees should be carried out and that they should have the right to sit while the house is sitting. Any members who are not willing to do their work should get off the committees and be replaced by those who are willing to share the work.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Caron: Mr. Speaker, I protest what has just been said by the hon. member for Ontario (Mr. Starr). We have rules and I always objected, in opposition, to the committees sitting while the house is in session. I have nothing against a committee sitting when there is a special reason, but I do not intend to give full powers, and I shall refuse to do so until the end of time.

Mr. Grégoire: Mr. Speaker—

[*English*]

Mr. Speaker: Order, please.

Mr. Basford: Mr. Speaker, I rise on the question of privilege. I have only one question to ask of the hon. member for Hull (Mr. Caron). How many committees is he on, and how often have they met?

Some hon. Members: Oh, oh.

[Mr. Grégoire.]

Mr. Caron: That is an unfair question.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. A few minutes ago the Chair expressed the opinion that there was nothing before the house and there should be no discussion, but we have managed to have one in any event. I suggest there is really no prima facie case of privilege, and I invite hon. members to continue to the next item of business.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I rise on a question of privilege, which is quite genuine. The hon. member for Ontario (Mr. Starr) has accused those who objected to passing this report immediately with wanting to keep the other members of the house from doing their work.

I feel that accusation warrants a question of privilege. I must say to the hon. member for Ontario that we do not want to keep anyone from doing his duty; on the contrary, we want the work done well. Now, the work will be done well provided the majority of the committee members attend the meetings. That is not done by reducing the quorum. We are opposed to reducing the quorum and to having the committees sit while the house is sitting, unless exceptional circumstances warrant it. In my opinion, that is not preventing the members of the house from doing their work.

Mr. Lambert: Set the example.

[*English*]

REDISTRIBUTION

PROCEDURE FOR CONSIDERATION OF OBJECTIONS FILED WITH MR. SPEAKER

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I have been asked, in the absence of the government house leader, to report on the results of a house leaders' meeting which was held this morning. This meeting considered the objections filed with Mr. Speaker pursuant to the Electoral Boundaries Readjustment Act. The house leaders have agreed:

1. That the standing orders providing for private members' hour be suspended while the motions for consideration of objections to reports by electoral boundaries commissions are before the house.

2. That the motions for consideration of objections be taken up after the orders of the day have been called.

3. That for Wednesday, April 27, the motions relating to individual constituencies in Quebec, but not the two motions proposing general changes, be taken first and be followed by the motions relating to the reports on Prince Edward Island, Nova Scotia and New Brunswick, in that order.

4. That subject to paragraph 3 all motions pertaining to the report on redistribution in a province be considered by the house at the same time.

I should like to ask that this agreement be made an order of the house.

Mr. Speaker: Is it agreed that the suggestions made by the parliamentary secretary be made an order of the house?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

• (2:50 p.m.)

[*Translation*]

PAROLE ACT

AMENDMENTS RESPECTING COMMUTATION OF DEATH SENTENCES

Mr. Auguste Choquette (Lotbinière) moved for leave to introduce Bill No. C-172, to amend the Parole Act (Power to Commute a Sentence of Death).

Some hon. Members: Explain.

Mr. Choquette: Mr. Speaker, this bill is not any more controversial than the one I introduced on Monday. It is corollary to the one agreed to and read the first time on Monday. If Mr. Wagner has decided to renew proceedings in the cases of Marcotte and Dion, he is wasting his time, because he will not be able to send them to the gallows.

The object of this bill is to hand over to the judicial power what should, in my humble opinion, be under its jurisdiction, and not under the executive power. According to the provisions of the bill, the Court of Appeal alone could approve a commutation of a death sentence. The board would act only on the recommendation of the Court of Appeal.

Motion agreed to.

[*English*]

Mr. Speaker: Is it the pleasure of the house that the hon. member shall have leave to introduce the said bill?

An hon. Member: No.

Mr. Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Motion agreed to.

Mr. Speaker: Mr. Choquette moves that the bill be read a first time.

[*Translation*]

Mr. Prosper Boulanger (Mercier): On a point of order, Mr. Speaker, since the member for Lotbinière seemed to rush through his explanation, especially when he referred to Mr. Wagner, I am not sure of the words which will appear in *Hansard* and I know they will be rather worthwhile. Therefore, with your permission I should like my colleague to repeat his remarks so that they will be quite clear.

Mr. Speaker: Order. The words spoken have been heard and will be duly reported in the official report.

[*English*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I rise on a question of privilege, Mr. Speaker. The gratuitous observations of this gentleman cannot pass unchallenged. It is very interesting that he now backs away from the position he previously took, and has no trust in his own administration or the cabinet of this country.

Mr. Speaker: Order. There is obviously no question of privilege here.

Mr. Choquette: Mr. Speaker—

Mr. Speaker: I must ask the hon. member to kindly resume his seat.

[*Translation*]

Mr. Choquette: Mr. Speaker, I rise on a question of privilege. I thank the Leader of the Opposition for not attempting to introduce the—

Mr. Lambert: You idiot.

Mr. Speaker: The hon. member for Lotbinière will no doubt let the Chair make a ruling first regarding the question of privilege which he raised. I must tell him that there is no question of privilege and that the matter may not be debated any further.

Questions

Mr. Choquette: The Leader of the Opposition, in spite of the rules of the house, has imputed motives to a member—

Mr. Speaker: Order.

[*English*]

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: Order, please. Is the Leader of the Opposition rising on a new question of privilege or point of order?

Mr. Diefenbaker: On a point of order, Mr. Speaker. I must say that what the hon. gentleman has said was enveloped in noise and one was not able to understand his remarks. However, I am sure that when they appear in *Hansard* they will be equally incoherent.

Some hon. Members: Oh, oh.

Mr. Pearson: Mr. Speaker, I wonder whether I could ask Your Honour to intervene to bring this contest between these two parliamentary giants to an end.

Mr. Starr: Mr. Speaker, in view of what the Prime Minister has said, I suggest it would take someone much bigger than he.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ADVERTISING RESPECTING NEW ELECTORAL DISTRICTS

Question No. 48—**Mr. Irvine:**

1. Were ten pages of advertising inserted by any department or branch of the government in the Toronto *Daily Star* on or about June 15, 1965, regarding "proposed federal electoral districts"?
2. If so, what was the cost of such insertion?
3. How many other papers weekly and daily were used in this program?
4. What was the total lineage?
5. What was the total cost for this entire program?

Hon. Judy V. LaMarsh (Secretary of State): As was stated in reply to question No. 148 on February 2, 1966, pages 585-6 of *Hansard*, the commissions set up under the Electoral Boundaries Readjustment Act do not report to the government so that the government does not have records giving the information sought in this question. Under section 10 of the act the commissions are not agencies of Her Majesty. Reports of the commissions are made directly to the House of Commons.

[Mr. Speaker.]

ALBERTA ELECTORAL BOUNDARIES COMMISSION

Question No. 202—**Mr. Lambert:**

1. In what places did the Electoral Boundaries commission for Alberta hold public hearings?
2. On what date and at what hour was each such hearing held?
3. What members of the commission attended each such hearing?
4. What staff of the commission attended each such hearing?
5. Was any transcript taken of the proceedings of each such hearing and, if not, what precisely was the nature of the record made of the proceedings at each such meeting and by whom was it made?
6. By what method were members of the commission who absented themselves from any of such hearings informed of the nature of the representations made by persons appearing before the commission?

Hon. Judy V. LaMarsh (Secretary of State): As was stated in reply to question No. 148 on February 2, 1966, page 585-6 of *Hansard*, the commissions set up under the Electoral Boundaries Readjustment Act do not report to the government so that the government does not have records giving the information sought in this question. Under section 10 of the act the commissions are not agencies of Her Majesty. Reports of the commissions are made directly to the House of Commons.

REASONS FOR ELECTORAL BOUNDARY CHANGES, ALBERTA

Question No. 212—**Mr. Lambert:**

Were any reasons for the changes made in the electoral boundaries of the federal constituencies of the province of Alberta compiled in either detailed form or in résumé and, if so, are these available for consideration by members of the House of Commons and the public?

Hon. Judy V. LaMarsh (Secretary of State): As was stated in reply to question No. 148 on February 2, 1966, pages 585-6 of *Hansard*, the commissions set up under the Electoral Boundaries Readjustment Act do not report to the government so that the government does not have records giving the information sought in this question. Under section 10 of the act the commissions are not agencies of Her Majesty. Reports of the commissions are made directly to the House of Commons.

VICTOR SPENCER—COST OF SURVEILLANCE

Question No. 413—**Mr. Mather:**

What, in dollars, is the monthly cost of surveillance as applied to George Victor Spencer?

Hon. L. T. Pennell (Solicitor General): It is not deemed in the public interest to disclose amounts spent in security and intelligence matters.

LAND PRICES

Question No. 661—**Mr. Jorgenson:**

In each of the years from 1950 to 1965, what has been the average price of land in each of the following areas (a) B.C. (b) the prairies (c) Ontario (d) Quebec (e) Atlantic provinces?

Hon. Robert Winters (Minister of Trade and Commerce): The attached table sets forth estimates of the value per acre of farm land by provinces for the years 1950 to 1965 inclusive. These values are collected each December by means of a mail questionnaire survey of about 25,000 farmers situated all across Canada. About 60 per cent of these farmers reply to the following question: "What is the average sales value per acre of occupied farm land in your district? Include value of buildings in your calculations". Since the averages derived from these surveys tend to be above census levels, it is assumed that our respondents are better than average farmers. Consequently, the value of this series is as an indicator of change rather than as a measure of absolute level.

Average values per acre of occupied farm land in Canada

Year	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
1950	55	52	51	66	75	39	26	35	87
1951	60	55	52	74	90	42	28	37	92
1952	61	54	51	76	92	43	29	37	93
1953	61	54	54	77	98	49	30	43	99
1954	59	54	52	81	101	45	29	41	102
1955	59	56	54	82	107	46	31	42	107
1956	61	59	56	86	111	48	32	43	109
1957	61	59	57	86	115	47	32	43	115
1958	64	64	60	89	123	49	33	46	120
1959	67	70	63	92	133	48	34	47	129
1960	67	69	62	95	132	52	36	50	133
1961	67	73	66	98	141	54	37	51	135
1962	70	71	63	97	147	55	40	54	138
1963	71	71	62	100	150	59	47	59	140
1964	73	74	65	104	163	66	55	66	145
1965	75	77	68	111	175	75	66	76	160

MOTOR VEHICLE PURCHASES

Question No. 969—**Mr. Harley:**

How many motor vehicles were purchased by the federal government in each of the past five years?

Hon. Judy V. LaMarsh (Secretary of State): The departments have given me the following information:

1961	1962	1963	1964	1965
1639	1761	1683	2132	2478

R.C.M.P. SURVEILLANCE

Question No. 982—**Mr. Mather:**

How many persons are under surveillance by the R.C.M.P. in Canada?

Hon. L. T. Pennell (Solicitor General): It is not possible to state how many, if any, persons are under surveillance at any particular time. Surveillance is an ordinary police procedure which may be applied for a variety of reasons over varying periods of time.

CANADIAN EMPLOYEES OF INTERNATIONAL AGENCIES

Question No. 994—**Mr. Harley:**

1. To the knowledge of the government, how many Canadians are employed full time as direct employees of the various international agencies to which Canada is a contributing member such as NATO and SHAPRE and the various agencies of the United Nations such as the world health organization and the food and agriculture organization?

2. What are the total number of employees of the above international bodies?

3. Is a break-down available showing country of origin of all of the above employees?

4. What is the total budget of the bodies listed in answer to part 1 above?

5. In regard to part 4 above, what proportion of this budget is contributed by Canada for each of the bodies mentioned in part 1?

Hon. Paul Martin (Secretary of State for External Affairs): The answers to the above questions appear in the following table.

Questions

Organization	(1) Number of Canadians employed	(2) Total number employed[1]	(3) Existence of breakdown by nationality	(4) Total budget 1965 (US $)	(5) Canadian contribution %
United Nations	197	8,934	*	99,757,520	3.17
International Labour Organization	33	1,900	†	19,304,347	3.36
World Health Organization	60	2,965	†	39,507,000	2.83
International Telecommunication Union	3	406	†	4,952,894	3.26
World Meteorological Organization	3	131	†	1,768,745	2.63
Inter-governmental Maritime Consultative Organization	0	64	*	828,500	1.60
International Atomic Energy Agency	15	603	†	7,938,000	2.87
UNESCO	17	2,636	†	23,896,058	2.98
International Civil Aviation Organization	240	532	†	6,429,671	4.51
International Monetary Fund[2]	40	743	†	N/A	N/A
International Bank[2] / International Development Association	81	1,214	†	N/A	N/A
International Finance Corporation	9	154	†	N/A	N/A
Universal Postal Union	1	64	†	1,221,181	2.69
Food and Agriculture Organization	91	4,209	*	20,797,588	4.15
NATO[3]	7	922	*	9,829,572	5. 8

* = Yes.
† = Not published.

[1] The figures cited above have been supplied by the organizations concerned and include all ranks. At the junior staff levels, particularly in the stenographic and clerical grades, a relatively large number of the employees are nationals of the country in which the relevant organizations maintain their headquarters and principal offices.

[2] Canada has paid in full its subscription to the IMF, IBRD and IFC, and was not required, therefore, to make payments in 1965. As to IDA, of the commitment of $15,027,012 which represents the first instalment of Canada's supplementary contribution to IDA resources, $13,274,518 was drawn during 1965. A further sum of $2.5 million was drawn in January 1966.

[3] SHAPE is an international military headquarters to which member governments assign personnel, generally from their armed forces, for tours of duty. Most of its staff are thus not employed in the same way that the above organizations employ their personnel.

EMPLOYMENT OF CONSTRUCTION FIRMS

Question No. 1,077—**Mr. Lind:**

1. How many times from June 30, 1963, until the present has the Department of Public Works (Ottawa branch and National Capital Commission) employed the services of the following firms (a) Pillar Construction Ltd., Ottawa (b) J. P. Statham Construction Ltd., Ottawa (c) Lanctot Construction Company, Ottawa (d) Beaver Construction Ltd., Montreal?

[Mr. Martin (Essex East).]

2. In each case, what was the amount of their original tender on each contract?

3. In each case, what was the final payment on each contract including all extras?

Hon. G. J. McIlraith (Minister of Public Works): 1. All contracts awarded since June 30, 1963 and completed prior to March 17, 1966:

Questions

Firm	N.C.C.	D.P.W.
(a) Pillar Construction Ltd., Ottawa	2	3
(b) J. R. Statham Construction Ltd., Ottawa	32	8
(c) Lanctot Construction Ltd., Ottawa	2	17
(d) Beaver Construction Ltd., Montreal	2	2

2 and 3. In each case the original tender price and the final payment including all extras on each contract is listed below:

Firm	National Capital Commission		Department of Public Works	
	Original tender	Final payment including extras	Original tender	Final payment including extras
(a) Pillar Construction Ltd., Ottawa	$ 55,051.00	$ 57,105.00	$70,607.00	$ 73,385.43
	413,257.00	in progress	92,300.00	138,042.25
			7,997.00	7,985.75
(b) J. R. Statham Construction Ltd., Ottawa	10,024.00	10,666.61	13,490.00	14,364.83
	2,645.00	2,645.00	7,390.00	7,390.00
	295.00	295.00	8,909.00	8,030.00
	228.00	228.00	12,490.00	12,825.15
	335.00	335.00	6,000.00	6,250.00
	379.00	379.00	27,790.00	32,164.20
	271.00	271.00	9,490.00	11,679.00
	638.00	638.00	6,890.00	7,086.00
	356.00	356.00		
	810.00	810.00		
	779.00	779.00		
	1,179.00	1,179.00		
	2,695.55	2,695.55		
	634.00	634.00		
	2,319.00	2,319.00		
	2,319.00	2,457.00		
	970.00	970.00		
	308.00	308.00		
	145.00	145.00		
	498.00	498.00		
	363.00	363.00		
	325.00	325.00		
	250.00	250.00		
	250.00	250.00		
	309.00	309.00		
	450.00	450.00		
	271.00	271.00		
	810.00	810.00		
	203.00	203.00		
	11,000.00	in progress		
	12,890.00	in progress		
	12,389.00	in progress		

Questions

Firm—(continued)	National Capital Commission		Department of Public Works	
	Original tender	Final payment including extras	Original tender	Final payment including extras
(c) Lanctot Construction Ltd., Ottawa	66,214.00	72,217.90	22,736.00	25,092.20
	9,735.00	9,735.00	88,023.00	93,266.48
			30,800.00	35,043.35
			10,586.00	12,819.31
			6,732.00	7,179.00
			26,732.00	28,679.65
			7,736.00	7,933.00
			5,854.00	6,204.00
			5,151.00	5,151.00
			5,650.00	6,515.00
			6,788.00	6,788.00
			7,138.00	7,138.00
			6,880.00	6,880.00
			5,886.00	7,922.01
			58,346.00	66,596.21
			12,836.00	14,732.00
			7,800.00	7,800.00
(d) Beaver Construction Ltd., Montreal	1,051,701.00	in progress	27,942.02	36,289.49
	1,974,862.00	in progress	8,500.00	8,500.00

IMMIGRATION FROM WEST INDIES

Question No. 1,174—**Mr. Dinsdale:**

1. In what countries of the West Indies does Canada have immigration offices?

2. How many applications from intending immigrants to Canada have been received from each country of the West Indies each year since 1960?

3. How many immigrants have been admitted to Canada from each country of the West Indies each year since 1960?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): 1. None. Applications submitted by prospective immigrants in the Caribbean area are processed by visiting examination teams from Canada.

2. Not available. Such statistics are maintained, for workload purposes, only in countries where immigration offices have been established.

3. See the following table.

Immigrant arrivals from countries of the West Indies, 1960 to 1965

Country	1960	1961	1962	1963	1964	1965
Antigua	Individual figures not available prior to 1964				35	52
Bahama Islands					21	22
Barbados					422	560
Caymen Islands					—	1
Cuba					29	23
Dominica					22	22
Dominican Republic					7	22
Dutch West Indies					15	30
Grenada					32	48
Guadeloupe					3	1
Haiti					62	88
Jamaica					912	1,214
Martinique					3	3
Montserrat					17	19
Nevis					1	6
Porto Rico					3	1
St. Kitts					22	38
St. Lucia					31	41
St. Vincent					82	117
Tobago					4	5
Trinidad					467	775
Virgin Islands (British)					1	1
Virgin Islands (U.S.A.)					2	1
Other West Indies					6	5
TOTAL	1,276	1,263	1,586	2,354	2,199	3,095

SMELTER STUDY, HAY RIVER-PINE POINT AREA

Question No. 1,235—**Mr. Orange:**

Has the economic feasibility study to determine potentiality of a smelter in the Hay River-Pine Point area, that was announced by the government on February 25, 1966, begun and, if so (a) are any companies operating in the area sharing in the cost of the study (b) how much will the study cost (c) when will the report of the study be available (d) what are the terms of reference of this study?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. Yes; (a) No; (b) A maximum of $160,000; (c) December 31, 1966. In this connection, it should be mentioned that a portion of the consultants' report will be classified as confidential because it will contain information regarding ore reserves which has been obtained from mining companies working in the Pine Point area.

(d) Terms of Reference for Pine Point Smelter Study: 1. In general, the consultant, Canadian Bechtel Limited, will carry out a study of the economic feasibility of providing smelting facilities for lead and zinc ores and concentrates in the Pine Point area, Northwest Territories.

2. In particular, the study will include the following: (a) An assessment of the reserves of lead and zinc ores in the Northwest Territories which are located sufficiently close to Pine Point, Northwest Territories, to enable such ores to be treated profitably at a lead-zinc treatment plant located at Pine Point. This assessment will include tonnages, grade, and types of ores in the measure, indicated and inferred categories and will also include an evaluation of the probability of developing additional reserves. The Department of Northern Affairs and National Resources will endeavour to obtain commitments from all mining companies who are active in the Pine Point area to provide the consultant with whatever information he may require. Periodic re-assessments of ore reserves will be made during the course of the study as more information becomes available.

(b) An assessment of the optimum size and most suitable type of smelting facility or treatment plant taking into consideration the following: (i) Capital and operating costs; (ii) Projected markets and prices for lead and zinc; (iii) Availability of power, fuel and raw materials required in the process.

(c) An assessment of the possibility of marketing by-products from the treatment process such as sulphur or sulphuric acid.

(d) An assessment of the economic impact of a new lead-zinc treatment plant at Pine Point on the economy of not only the Pine Point area but the Northwest Territories in general.

(e) An assessment of subsidies which may be required if the study should indicate that a smelter located at Pine Point is not as economically feasible as a smelter at some other location.

(f) An assessment of the effect, if any, of recent discoveries of large deposits of lead and zinc ores in the Yukon on the possible provision of new lead and zinc treatment facilities at Pine Point.

3. In its study, the consultant will bear in mind the timing of bringing a lead and zinc treatment plant into operation at Pine Point with the bringing into production of new mines in the Pine Point area.

4. While it is realized that the time of completion of the study will depend to a large extent on the availability of information on ore reserves, the consultant will endeavour to present his final report to the Department by December 31, 1966.

5. The consultant's final report will be prepared in such a manner that a section of the report, which will contain essentially a broad interpretation of the study, may be made available to the public without revealing anything of a confidential nature. The remainder of the report which will contain confidential information and which will be available only to the government will contain a detailed assessment of the subject of the study with full supporting data.

INDIAN AFFAIRS PLACEMENT OFFICERS

Question No. 1,245—**Mr. Orlikow:**

How many employment placement officers does the Indian affairs branch employ in each province?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources):

	Establishment	Number of positions filled
Prince Edward Island (Served by placement officer located at Amherst, Nova Scotia)	Nil	Nil
Nova Scotia	2	2
New Brunswick	1	1
Quebec	7(2)*	2
Ontario	11(1)*	9
Manitoba (Negotiations under way for province to provide placement services for Indian residents)	1	1
Saskatchewan	3	2
Alberta	4	3
British Columbia	13(8)*	3

*The figure shown in brackets under the establishment column denotes positions for combined duties as placement and resources officers.

COST OF INDIAN SERVICES

Question No. 1,246—**Mr. Orlikow:**

What are the costs to the federal government of Indian services for health, welfare, education, and economic development?

Hon. Judy V. LaMarsh (Secretary of State): In so far as the Department of National Health and Welfare is concerned: During the year 1964-65 the Department of National Health and Welfare expended a total of $19,701,230 for health services provided to the Indian population.

In so far as the Department of Northern Affairs and National Resources is concerned: During the 1964-65 fiscal year, the federal government spent $16,661,499.67 in regard to Indian welfare, $35,692,976.98 in connection with Indian education and $4,113,415.23 for the economic development of the Indian people in Canada.

DIRECTOR OF NATIONAL GALLERY

Question No. 1,257—**Mr. McKinley:**

1. What appointments have been made to the National Gallery of Canada since January 1, 1966?

2. Has a successor been appointed to replace Dr. C. F. Comfort and, if not, has a successor as director been determined on although not yet anounced?

3. Has an acting director been appointed or arranged for?

Answer: 1. Asst. technician 3, Mr. Leo Cave; Technical officer 1, Mrs. H. White; Steno 3 (secretary), Mrs. O. Neveu; Steno 3 (secretary), Miss D. Girouard.

2. No.

3. Yes, Dr. W. S. A. Dale.

HEARING ON NATIONAL PARKS POLICY

Question No. 1,268—**Mr. Horner (Jasper-Edson):**

1. Did the government receive a communication from Jasper Residents Association dated March 18,

1966 and, if so (a) what was the nature of this communication (b) what was the government's reply?

2. Will the government give an opportunity for a full hearing into national parks policy, both to the members of the House of Commons and to residents of the national parks and, if so, when?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. Yes; (a) A reply to my letter to the association dated January 27, 1966 dealing with national parks leasehold matters; (b) An interim reply has been sent by a member of my staff informing the association that I will reply more fully when I have had an opportunity to consider the association's comments.

2. In answer to my hon. friend's question in the house on April 4, 1966 (*Hansard* page 3787) I indicated that the residents of Jasper and Banff will have every opportunity of placing their comments before the government prior to the introduction of legislation and that this opportunity will be given as soon as the house progresses with its work.

HOURLY PAY RATES AT H.M.C. DOCKYARD

Question No. 1,270—**Mr. Forrestall:**

By classification and trade, what are the present schedules of pay for hourly paid employees at H.M.C. *Dockyard* Halifax, and H.M.C. *Dockyard* Esquimalt?

Hon. Léo Cadieux (Associate Minister of National Defence):

Classifications	Rates	
	H.M.C. Dockyard Halifax	H.M.C. Dockyard Esquimalt
Acetylene Burner & Cutter Class A	2.37	N.A.
Acetylene Burner & Cutter Class B	2.28	N.A.
Acetylene Burner & Cutter Class C	2.13	N.A.
Acetylene Generator Operator	2.24	N.A.
Air Compressor Operator Grade 1	2.38	N.A.
Air Compressor Operator Grade 2	2.30	N.A.
Air Compressor Operator Grade 3	2.21	N.A.
Armament Mechanic	N.A.	3.05
Armament Fitter	2.41-2.46*	N.A.
Automotive Component Mechanic	2.30	N.A.
Batteryman	2.19	N.A.
Blacksmith and Anglesmith	2.42-2.47*	3.15
Blacksmith Striker	2.11	N.A.
Boiler Cleaner	2.05	N.A.
Boilermaker	2.44-2.49*	3.15
Boilermaker and Blacksmith Helper	N.A.	2.79
Bricklayer	2.51	3.25
Carpenter	2.42-2.47*	3.10
Caulker Ballast Tank Testing	2.48	N.A.
Caulker Iron or Wood	2.39	N.A.
Caulker (Iron)	N.A.	3.15
Caulker (Wood)	N.A.	3.13
Cement Finisher	2.17	2.77
Chipper and Caulker	2.42	N.A.
Coppersmith	2.58	3.10
Cradleman	2.19	N.A.
Crane Operator	2.39	N.A.
Crane Operator (OEBI)	2.30	N.A.
Crane Operator (Crawler)	N.A.	3.10
Crane Operator (10 ton inside)	N.A.	2.82
Crane Operator (20 ton 50 ft. swinging boom)	N.A.	3.10
Derrick Fireman	N.A.	2.66
Derrick Operator	N.A.	3.10
Driller	N.A.	3.15
Driver	2.05	2.25
Driver (Heavy)	2.25	2.52
Electrician Automotive	2.30	N.A.
Electrician Ship or Maintenance	2.42-2.47*	3.20
Engine Fitter	2.42-2.47*	N.A.
First Aid Attendant A	N.A.	2.66
First Aid Attendant B	N.A.	2.77
First Aid Attendant C	N.A.	2.82
Fitter	N.A.	3.15
Hammersmith	2.40	N.A.
Heater (Rivet)	N.A.	2.82
Heavy Equipment Operator	2.35	2.70
Hoisting Operator (non-swinging boom)	N.A.	2.82
Holder-on	2.28	2.91
Industrial Equipment Mechanic	2.45	N.A.
Instrument Repairman	2.86	3.25

Questions

Classifications	Rates H.M.C. Dockyard Halifax	H.M.C. Dockyard Esquimalt
Iron Workers (Ships' Plater)	N.A.	3.15
Joiner	2.42-2.47*	N.A.
Labourer	2.00	2.49
Lagger	N.A.	3.10
Light Equipment Operator	2.10	2.45
Loftsman	2.64	3.25
Machine Operator	2.24	N.A.
Machine Repairman	2.42-2.47*	N.A.
Machinist	2.42-2.47*	3.15
Machinist and Fitter Helper Class 1	N.A.	2.79
Machinist Specialist	N.A.	2.95
Maintenance Machinist	N.A.	3.15
Maintenance Mechanic	2.42-2.47*	N.A.
Maintenance Mechanic (Liferaft)	N.A.	3.00
Maintenance Mechanic (Oil Burner)	N.A.	3.10
Millwright	2.45-2.50*	N.A.
Motor Mechanic	2.25	2.58
Painter	2.35	3.10
Painter (Brush)	2.07	N.A.
Painter Finish	2.46	N.A.
Painter Spray (shop)	2.05	2.58
Painter Spray	2.25	3.25
Panel Beater and Bodyman	2.25	2.58
Pattern Maker	2.61	N.A.
Pipe Coverer	2.34	N.A.
Pipefitter	2.43-2.48*	3.10
Plasterer	2.69	3.10
Plater	2.42-2.47*	N.A.
Plumber	2.43-2.48*	3.10
Refrigeration Mechanic	N.A.	3.10
Rigger	2.39-2.44*	3.10
Riveter	2.42	3.15
Sailmaker—Canvas Worker	2.21	N.A.
Sand Blasting Operator	2.25	3.10
Scaler—Boiler	2.05	N.A.
Scaler and Cleaner	N.A.	2.39
Scaler and Cleaner (When using Power Tools)	N.A.	2.82
Sheet Metal Worker	2.41-2.46*	3.10
Shipwright	2.42-2.47*	3.10
Sign Painter	2.42	N.A.
Steamfitter	2.43-2.48*	N.A.
Tank Cleaner	2.04	N.A.
Tile Setter	2.68	3.10
Toolmaker	2.62	3.25
Trades Helper	2.11	2.66
Welder	2.42-2.47*	3.15
Electro-Plater	2.15	2.85

*—The maximum rate in these ranges are paid to all employees with one or more years of service.

[Mr. Cadieux (Terrebonne).]

PUBLIC WORKS—EMPLOYMENT OF CASUAL LABOUR OVER 65

Question No. 1,278—**Mrs. MacInnis (Vancouver-Kingsway):**

Does the Department of Public Works refuse to employ for casual work anyone over the age of 65 years?

Hon. G. J. McIlraith (Minister of Public Works): No.

HARVEST INSURANCE

Question No. 1,302—**Mr. Latulippe:**

Have there been consultations recently between the federal government and provincial authorities on the subject of harvest insurance and, if so (a) with what provinces (b) when did the consultations take place?

Hon. J. J. Greene (Minister of Agriculture): (a) and (b) Yes, a meeting to discuss crop Insurance with representatives of all provinces was held on February 17, 1966.

UN CONVENTION ON RACIAL DISCRIMINATION

Question No. 1,303—**Mr. Scott (Danforth):**

1. Has the government given consideration to adopting the convention of the last general assembly of the United Nations dealing with the elimination of racial discrimination?

2. If consideration has been given, has the government made a decision to ratify this agreement and, if so, what was that decision?

Hon. Paul Martin (Secretary of State for External Affairs): (1). Yes. The Canadian government strongly supported the adoption of this convention by the United Nations and regards it as a very important document. In a statement in explanation of the vote in the third committee of the United Nations on December 15, 1965, the Canadian delegate stated that it was regarded "as another of

the great pioneering instruments by means of which the United Nations is laying the ground rules for civilized life on an ever widening scale". It is, however, a general policy that Canada does not enter into binding international treaty commitments until such time that it clearly is in a position to implement its obligations in terms of its domestic law. The subject matter of this convention is such that it appears to fall not only within those areas of domestic law which are the competence of the federal government, but also, in part, within those for which the provinces are responsible. The government is therefore presently engaged in a detailed study of the legal implications of the convention as a necessary first step to the question of signature and subsequent ratification. In so far as that should prove necessary, the Canadian government will naturally consult with the provinces with a view to obtaining their assurances that they will be prepared to implement any provisions which fall within their jurisdiction.

(2). For the reasons explained in the answer to the first question, a decision has not yet been taken on the ratification of the convention.

REFUND OF PENSION OVERPAYMENTS BY EMPLOYERS

Question No. 1,306—**Mr. Crouse:**

Has a procedure been put into effect to refund over-payments to the Canada and Quebec pension plans made by employers as workers move from one job to another?

Hon. E. J. Benson (Minister of National Revenue): No.

MOVEMENT TO U.S. OF CANADIAN PROFESSIONAL WORKERS

Question No. 1,307—**Mr. Orlikow:**

Have any Canadian scientists, research workers, engineers, university professors, and medical doctors left Canada to work in the United States in each of the past three years and, if so, how many?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Immigrant aliens admitted to United States, whose country of last permanent residence was Canada:

	Year ended June 30th		
Occupation	1963	1964	1965
Scientists:	209	238	242
Agricultural scientists	9	11	10
Biological scientists	18	23	20
Geologists and geophysicists	43	35	60
Mathematicians	5	8	7
Physicists	27	29	30
Miscellaneous natural scientists	2	11	4
Chemists	105	121	111
Engineers	871	768	863
Professors and instructors	118	126	133
Physicians and surgeons	467	440	380

Note: There is no separate grouping for "research workers".

Source: Immigration and Naturalization Service, United States Department of Justice.

*EXPORT CONTROLS ON CATTLE HIDES

Question No. 1,318—**Mr. Irvine:**

Is it the intention of the government to establish quota controls on export of Canadian cattle hides, calf and kip skins in an endeavour to protect our export markets and prevent inflation of shoe prices in Canada?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, as I announced in the house on March 23, exports of hides, skins, leather and leather manufactures of foreign origin now require individual export licences. This action was taken in order to control possible diversion of United States products to off-shore destinations and to maintain Canadian access to United States supplies.

Prior to and since this announcement extensive consultation has taken place with Canadian industry concerned including the Shoe Manufacturers' Association, hides and skins dealers and brokers, meat packers, farmers' federations, agricultural associations and Canadian tanners.

The situation is being watched carefully, but present circumstances do not appear to warrant further government action.

NATIONAL BUILDING CODE

Question No. 1,319—**Mr. Reid:**

Does the government have a national building code and, if so (a) what act of parliament provides authority for this code (b) what industries fall under this code (c) what are the penalties for violations of this code (d) how many prosecutions have there been in the past 5 years (e) how many prosecutions have been successful (f) what was the total amount collected in fines for violations (g) is this code accepted by all the provinces and, if not, by how many is it not?

Questions

Hon. C. M. Drury (Minister of Industry): In so far as the National Research Council is concerned, the answer is as follows: (a) A national building code has been published, under the authority of the Research Council Act, as an advisory document which may be adopted legally by Canadian municipalities as their local building regulations; (b) Subject to determination by individual municipality; (c) Subject to determination by individual municipality; (d) Information not available; (e) Information not available; (f) Information not available; (g) Of a total of 1,960 Canadian municipalities surveyed in 1964, 719 located in every province are using the code in one form or another. This represents 65 per cent of the urban population of Canada.

TRAVEL BUREAU ADVERTISEMENTS IN U.S.

Question No. 1,329—**Mr. Coates:**

How much was paid during January, February, March and to date by the Canadian Government Travel Bureau to the publishers of American periodicals and newspapers for the full-page advertisement entitled: "There is more than one France. The one next door is called Canada."?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): $41,284 (U.S.) was paid MacLaren Advertising Co. Ltd. who handle this campaign on behalf of the Canadian Government Travel Bureau.

*CLOSING OF EMPLOYMENT SERVICE OFFICE, NORTH SYDNEY, N.S.

Question No. 1,352—**Mr. Muir (Cape Breton North and Victoria):**

Is consideration being given by the department concerned to the closing out of the National Employment Service office at North Sydney, Nova Scotia?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): No.

[*Translation*]

Mr. Béchard: Mr. Speaker, the starred question 1,363 is not on the order paper but it is in the *Votes and Proceedings* of the house, and if the house is agreeable, it could be answered immediately. I ask that the remaining questions be allowed to stand.

[Mr. Reid.]

[*English*]

*CLOSING OF AUTO PARTS FIRMS

Question No. 1,363—**Mr. Scott (Victoria (Ont.)):**

1. Have any firms closed down operations in Canada as a result of the Canada-United States free trade agreement on auto parts and, if so (a) how many firms have done so (b) what are their names and addresses (c) how many employees are affected by these shutdowns (d) what was the total payroll losses of those areas?

2. Have any firms transferred their purchasing departments from Canada to the United States as a result of the Canada-United States free trade agreement on auto parts and, if so (a) how many firms (b) what are their names and their locations?

Hon. C. M. Drury (Minister of Industry): 1. No.

2. We are aware that certain of the purchasing operations of the Ford Motor Company of Canada at Oakville have been transferred to the United States. I am not in a position to say whether this action resulted from the automotive program or whether it was planned prior to the introduction of the program.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I wonder if I might ask the consent of the house to drop question No. 931 which stands in my name on the order paper.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary of Secretary of State): Mr. Speaker, notice of motion No. 118 for the production of papers is acceptable to the government, subject to the reservations about confidential applications and about the authorization of the municipal authorities concerned.

Would Your Honour call notice of motion No. 77?

[*English*]

BUTTER LOSS IN FIRE, SAINT-DENIS-SUR-RICHELIEU

Motion No. 118—**Mr. Ricard:**

That an order of the house do issue for a copy of all correspondence and exchanges between the Minister of Agriculture, the Minister of Forestry, the Minister without Portfolio, and any officer of the Department of Agriculture on the one hand and, on the other hand, the authorities and/or the representatives of the municipality of the village of Saint-Denis-sur-Richelieu, relating to the fire that destroyed a large quantity of butter at the Conserverie Saint-Denis on November 5, 1963.

Motion agreed to.

PENSION PLAN—DEDUCTIONS AND INTEGRATION

Motion No. 77—**Mr. Bell (Carleton):**

That an order of the house do issue for a copy of any Treasury Board minutes and/or letters of instructions or advice issued by any officer of Treasury Board since the 1st of September, 1965, with respect to the deduction of Canada Pension Plan contributions from the salaries or wages of members of the public service, the loan of equivalent amounts to such members of the public service, the deduction of Canada Pension Plan contributions from increases in salaries or wages paid in 1966 to public servants for periods in 1965, or otherwise dealing with the techniques proposed of integrating the Canada Pension Plan and the Public Service Superannuation Act or other superannuation acts applicable to public servants.

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, I have discussed this motion with the hon. member for Carleton. I have indicated to him that all the documents requested ordinarily would be considered privileged. I believe he will agree to withdraw this motion.

Hon. R. A. Bell (Carleton): Mr. Speaker, the minister has convinced me that a bad precedent might be established by the passage of this motion. I want to avoid bad precedents, since I expect to be sitting on the government side of the house within a short period. Accordingly, sir, I ask leave to withdraw the motion.

Mr. Speaker: Has the hon. member leave to withdraw that motion?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

Mr. Jack A. Irvine (London): I rise on a point of order, Mr. Speaker. I should like to know through you or through the minister when I might have an answer to question No. 766, which has been on the order paper now for over 70 days. Also, when might I get an answer to question No. 48, which tomorrow will have been on the order paper for 100 days. That is a little too long, Mr. Speaker.

Mr. C. S. Smallwood (Battle River-Camrose): On a point of order, Mr. Speaker, I have had a question on the order paper since January 21.

Mr. Speaker: Order, please. May I draw to the attention of hon. members who have just spoken that we are not now on the subject of questions, but that we have moved on to notices of motions for the production of documents.

[*Translation*]

Mr. Béchard: Mr. Speaker, I move that the other notices of motion stand.

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, there is a notice of motion dated March 21 under the name of my colleague the hon. member for Compton-Frontenac (Mr. Latulippe) which has not been mentioned since March 21. I wonder whether the Parliamentary Secretary to the Secretary of State could tell us when notice of motion No. 113 will be mentioned. Is it the intention to forget it or to reply one of these days?

Mr. Béchard: Mr. Speaker, I spoke to the hon. member for Compton-Frontenac on this matter, and in view of the rather long reply involved, the hon. member informed me that he intended to wait in order to obtain complete information on the question.

[*English*]

Mr. Smallwood: Mr. Speaker, on a point of order, I have had a question on the order paper since January 21, and another question on the order paper since January 28. Those are both questions directed to the Minister of Justice. I should like to draw the attention of the Prime Minister and of the Minister of Justice to this fact. It is important that I have answers to these questions. If these questions cannot be answered, the Prime Minister either ought to say so or get another Minister of Justice who would answer them.

Mr. P. V. Noble (Grey North): I rise on a point of order, Mr. Speaker. On January 20 I asked the Prime Minister a question which you ruled should be put on the order paper. That became question No. 228, and has been on the order paper since January 24. I ask the Prime Minister when I might expect an answer to this question.

[*Translation*]

Mr. Béchard: On a point of order, Mr. Speaker. I must say that, as of Monday of this week, we had answered 89.5 per cent of the questions placed on the order paper since the beginning of this session.

Mr. Lambert: That means nothing.

[*English*]

Mr. J. M. Forrestall (Halifax): Mr. Speaker, while we are discussing questions—

Mr. Speaker: Order, please. The hon. member should not judge by appearances. We are not on questions at the moment.

Inquiries of the Ministry

Mr. Forrestall: Mr. Speaker, I have questions dated February 11 and February 24, being questions Nos. 607 and 824 on the order paper, to both of which I am most anxious to receive answers.

Mr. Speaker: Order, please.

CANADIAN BROADCASTING CORPORATION

THREATENED STRIKE OF TORONTO PRODUCERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, having regard to the fact that apparently negotiations or discussions between the producers and the C.B.C. president and management have broken down, and the fact that there has been a virtual ultimatum that on Sunday at 10 p.m., unless the request of the producers has been met, there may well be a strike, I should like to ask the Prime Minister what action the government intends to take to bring about the assurance that these negotiations will continue? What representations, if any, again consistent with the legislation setting up the C.B.C., has the government made? The Prime Minister said yesterday that he was very anxious and willing to use his good offices in this.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, paraphrasing the reply to this question yesterday, I think I said that naturally the government was anxious to do what it could to help in this regard, subject to the desirability of not intervening in the affairs of the C.B.C. My right hon. friend will know the difficulty in respect of government action in a matter of this kind, as it relates to a crown corporation.

I understand, Mr. Speaker, that a committee of the house is considering this matter today. It has before it a resolution on the very point my right hon. friend referred to, and I should like to wait to see what the committee does with that resolution this afternoon before I say anything more.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. Can the Prime Minister say what that resolution is to which he made reference?

Mr. Pearson: I think the resolution deals with the possibility of the government's intervening, in order to bring about a solution of this difficulty.

[Mr. Speaker.]

[*Translation*]

WINTER WORKS

REQUEST FOR EXTENSION OF PERIOD

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have a question for the future minister of manpower.

In view of the fact that the winter works period is drawing to a close and in view of the fact that several municipalities could not complete their works due to the severe weather conditions which prevailed in several regions of this country, can the minister tell the house today whether he proposes to extend the winter works period in those regions where the said works could not be completed?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, it is not the intention of the department to extend the winter works period.

Mr. Grégoire: As a supplementary question, Mr. Speaker, has the minister received any requests from municipalities about this extension? Does he not think there is discrimination against the regions where weather conditions are unfavourable to winter works?

Mr. Speaker: The hon. member's question is out of order.

[*English*]

PRIVILEGE

MR. LAMBERT—INABILITY TO OBTAIN ELECTORAL COMMISSION REPORTS

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I rise on a question of privilege arising out of proceedings in this house. I have just been handed the replies to questions Nos. 202 and 212, which incidentally have been on the order paper since January 24. In order to establish my point of privilege, which affects not only myself but hon. members of the house generally, may I read the answer which has come to both questions:

> The commissions set up under the Electoral Boundaries Readjustment Act do not report to the government so that the government does not have records giving the information sought in this question. Under section 10 of the act the commissions are not agencies of Her Majesty. Reports of the commissions are made directly to the House of Commons.

I would point out, Mr. Speaker, that the questions that have been put by myself and other members of the house, particularly by the hon. member for Carleton (Mr. Bell), have been answered in the same vein, and

are the only way for hon. members to seek information which affects themselves. They are not directed to any particular ministry, but the Secretary of State (Miss LaMarsh) replies for the government.

The representation commissions are emanations of this house; they are responsible to this house. Hon. members have no means of communication with the representation commissions other than through the Secretary of State, and I would put it to Your Honour, and to all hon. members, that neither the representation commissioner nor any of the representation commissions is above the legitimate demands for information from members of the house. They are not satellites that have been shot off beyond recall nor reach. I would further point out that since hon. members are now to engage in a particular debate on redistribution, it is an affront to the house to deny the legitimate information sought by hon. members whose questions have been posed in the only way they could be put, namely on the order paper and directed to the Secretary of State.

I realize that the commissions are not responsible to the government. We know this; but members on the government side are in the same position as we are, whether they be cabinet ministers or not. Therefore I would say that this is a point that affects the privileges of the members of the house. I would deem it appropriate for Your Honour to take the matter under advisement and, if necessary, that Your Honour, whose predecessor had something to do with the appointment of the representation commissions, see that they be compelled to answer.

Mr. Speaker: Order, please. I shall have an opportunity to take these suggestions under advisement as urged by the hon. member for Edmonton West.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, having just returned from a lecture given by Dr. David, a great heart specialist, during which he advised members of parliament to practice serenity, I wish to address a philosophical problem to the Minister of Agriculture. Would the minister please inform the house how he reconciles the policy of his department with the policy of the Department of National Health and Welfare with respect to the growing and the use of tobacco?

Mr. Speaker: Order, please. The rules of the house do not provide for acceptance by the Chair of philosophical questions.

SPORTS

FAILURE OF CANADA TO OBTAIN WINTER OLYMPIC GAMES

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. Has he received, or is he aware of the widespread general protest regarding the influence of the unreasonable and unpractical park policies he has instituted, and of their being a factor in Canada failing to get the winter Olympics for 1972?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I want to say at once that I and my department regret very much that we failed in our second bid for the winter games. We had done all in our power to convince those who were concerned over conditions in the national park that, in our view, there would be no permanent damage, and very little temporary damage done out of holding the games. Further, we have received the agreement of our representatives, who did their best to bring the games to Canada, that we had done our utmost. At the same time I wish to assure the house that this will have no effect whatsoever on the development of Banff as a prime area for winter sports. There is already a very large sum of money invested in it, and there will be a great deal more.

Mr. Thompson: As a supplementary question, would the minister not agree that the parks policies he has instituted have given the conservationists the opportunity to influence the general Olympic council?

Mr. Speaker: Order, please. This question is argumentative and cannot be accepted by the Chair.

CANADIAN NATIONAL RAILWAYS

IMPLEMENTATION OF RECOMMENDATIONS IN REPORT ON RUN-THROUGHS

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask a question of the Minister of Labour. Having regard to the manner in which he discussed the Freedman report in Winnipeg yesterday, is he now in a position

to answer my question of last Tuesday as to whether he is proposing a further inquiry, or whether he intends to propose implementation of the principal recommendations of that report this session?

Hon. J. R. Nicholson (Minister of Labour): I am sorry, but I am not, Mr. Speaker. The matter will be placed before my colleagues in the cabinet at a very early date, however.

SHIPPING

NOVA SCOTIA—ABANDONMENT OF TRAWLER AFTER FIRE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to direct a question to the Minister of National Defence, and in view of the fact that I did not have time to give him notice, perhaps he may take this as notice. When the fishing trawler *Karen B* recently caught fire about 100 miles east of Halifax and was abandoned by her crew, why did H.M.C.S. *Gatineau* leave the burned out *Karen B* before arrival of the Halifax based tug *Foundation Vigilant*?

Mr. Speaker: Order. The Chair has taken notice of the question and suggests that it be put on the order paper.

Mr. Crouse: On a question of privilege, Mr. Speaker, the fact that this ship was left abandoned on the high seas has resulted in the hull being claimed by a foreign country for salvage against the insurance company, the agents and owners. The fact that the Canadian destroyer abandoned this ship has resulted in this situation. I believe this is a most urgent and important question because we could have another burned out hull on the ocean tonight, and we do not want to see this practice followed in future.

Mr. Speaker: The hon. member has referred specifically in his question to an incident which has already occurred and about which I assume not very much can be done at this time. The second part of his question, if I interpet it correctly in the way he poses it, now becomes hypothetical.

NATIONAL DEFENCE

INQUIRY AS TO FURTHER REDUCTION IN STRENGTH OF ARMED FORCES

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, yesterday I directed a question to the Prime Minister in the absence of the Minister of National Defence and the Associate Minister of National Defence. Today I shall direct it to the Minister of National Defence. Is it a fact that there is under consideration a further 10 per cent reduction in the effective strength of Canada's defence forces so as to keep up with the present rate of recruitment, and in view of the forces being under strength?

Hon. Paul Hellyer (Minister of National Defence): No, Mr. Speaker; but I suggest it is obvious, even to my hon. friend, that if escalation of wages and emoluments in Canada continues at the present rate, and the defence budget remains stable as has been planned, it will be necessary in the years ahead to reduce the number of people and increase their productivity in order to provide adequate compensation for the work being performed.

Mr. Lambert: As a supplementary question, from the nature of the answer I take it the minister will agree that such a reduction is under contemplation, or is being considered?

Mr. Hellyer: I do not think that is a fair interpretation, Mr. Speaker. I think some reduction may take place, but whatever reduction there is, it will be through normal attrition because, as my hon. friend knows, during the next three or four years a large number of world war II veterans will be leaving the forces, and it will be difficult to maintain fully adequate strength to perform all tasks without planning on a reduction.

Hon. Gordon Churchill (Winnipeg South Centre): As a supplementary question, based on the minister's statement which he made just a minute ago, do I understand a ceiling has been placed on the amount of money which will be expended for defence purposes, and that the Minister of Finance (Mr. Sharp) will not give the Minister of National Defence some leeway in protecting the security of this country and fulfilling our obligations to NATO?

Mr. Hellyer: The amount for the current year is stated in the estimates, Mr. Speaker.

Mr. R. Gordon L. Fairweather (Royal): As a further supplementary question, Mr. Speaker, I want to ask the Minister of National Defence how one measures the productivity of a member of the armed forces.

LABOUR CONDITIONS

INQUIRY AS TO INTRODUCTION OF LABOUR SAFETY CODE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. In view of the promise the minister gave to the Canadian Labour Congress convention yesterday, to the effect that the Canada labour safety code would be introduced at this session, can he say when notice of this legislation will be placed on the order paper?

Hon. J. R. Nicholson (Minister of Labour): It will not likely be put on the order paper for another few weeks. Progress has been made in the preparation of a draft bill, but it involves consultation with the provinces because of the enforcement angle. It will be placed on the order paper as soon as we can get it there. We are making good progress.

Mr. Knowles: Mr. Speaker, may I ask a supplementary question. Will it be put on by the end of May?

HOUSING

REPORTED STOPPAGE OF MORTGAGE LOANS BY C.M.H.C.

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Labour in connection with Central Mortgage and Housing Corporation. Is it a fact that Central Mortgage and Housing Corporation now has stopped lending even on pre-sold houses and thereby has dried up the last source of mortgage loans for residential purposes? Will the minister say now, for the benefit of expectant householders and builders across Canada, that there is going to be some alleviation of the serious situation which has been created as a result of the virtual stopping of any additional amounts by way of mortgage loans.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I regret I cannot give that assurance. The situation is serious, but I am happy to say, as a result of studies I personally have made in conjunction with senior officials of Central Mortgage and Housing Corporation, that while it is more serious in a few areas than in most others, it is not as serious as one would be led to believe by the telegrams and messages coming to members of this house. Further reports are coming in daily and it might be a matter of another few days before I can give the hon. gentleman the assurance he has asked for. However, I can say that an announcement will be made in a matter of days.

Mr. Diefenbaker: I have a supplementary question, Mr. Speaker. In that connection would the minister say whether it is a fact that in the housing construction field this year there will be some 35,000 fewer homes built than last year.

Mr. Nicholson: Mr. Speaker, even if things proceed as they now are, and even with the conditions which now prevail, the situation is not as bad as the right hon. gentleman would indicate. Last year for the fourth consecutive year we had an increase in house building. We reached a record figure of 166,000 odd houses. We are not likely to reach that figure this year, but certainly we do not anticipate that it will be down by anything like the figure the right hon. gentleman has suggested. It may be down 10 or 15 per cent from last year, however, largely because of the actions of private investors.

Mr. Diefenbaker: Does the minister not agree with Mr. Herbert Hignett, the president of Central Mortgage and Housing Corporation, who predicted that as many as 35,000 fewer homes will be built this year as compared to last year? Does he not agree with what the president of the corporation said?

Mr. Speaker: Order, please. I suggest to the right hon. gentleman that the question to some extent is argumentative. In any event it has been answered in a general way by the minister to whom it was posed in the first instance.

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a supplementary question. The minister has indicated the situation is critical in certain areas. Is the government giving consideration to the providing of perhaps more direct loans in those critical areas.

Mr. Nicholson: That aspect of the matter will be included in the announcement which can be expected within the next few days. In order that there may be no misunderstanding, I think I should say that the statement attributed to the president of Central Mortgage and Housing Corporation is taken out of context, it is predicated on the expectation that there might be no additional speculative loans made this fall. If no such loans were made during the fall months, as has been the case in the last three years, this forecast by

Mr. Hignett will be so; but it is not anticipated that such will be the situation.

Mr. Diefenbaker: Mr. Speaker, in view of the explanation given by the minister, does he agree that the president of Central Mortgage and Housing Corporation did predict that as many as 35,000 fewer homes would be built this year?

Mr. Speaker: Order. I suggest to the right hon. Leader of the Opposition that in the way in which the question is put now—whether the minister agrees that the statement was made—is not in a form which might be acceptable.

FINANCE

REFUSAL OF LOANS BY INDUSTRIAL DEVELOPMENT BANK

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I have a question in respect of the Industrial Development Bank which I should like to direct to the Minister of Finance. Have instructions gone forward from the government to dry up loans from the Industrial Development Bank, thereby affecting somewhat a possible expansion in Canadian construction?

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker.

BUSINESS OF THE HOUSE

POWER TO STANDING COMMITTEES TO SIT WHILE HOUSE SITTING

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to direct a question to the Prime Minister. Would the Prime Minister consider giving the required notice of motion in this house so that the standing committees would be granted the power to sit while the house is sitting until consideration of all estimates referred to these committees have been considered.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to think about that question before giving a definite reply.

[*Translation*]

[*Later:*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I ask a supplementary question? In such a case, would the Prime Minister suggest attending a committee session or a sitting of the house?

[Mr. Nicholson.]

Mr. Speaker: No, I do not think the question of the hon. member for Lapointe (Mr. Grégoire) can be entertained, since it is based on the possibility or the contingency that the proposition will be accepted. It is, then, a hypothetical question and, consequently, cannot be entertained.

Mr. Grégoire: In that case I shall put a supplementary but not hypothetical question. If the right hon. Prime Minister is called on for a decision, could he state his views to the hon. members as to whether the sittings of the house or the committee sessions should be attended.

Mr. Speaker: Order. The question errs in the same manner as the preceeding one put by the hon. member. It is also unacceptable.

[*English*]

HEALTH AND WELFARE

CONTROL OF IMPORTATION OF MISLABELLED FOREIGN DRUGS

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, in the absence of the Minister of National Health and Welfare, I shouuld like to address a question to his parliamentary secretary, to whom I have sent notice of my question. This is a supplementary question arising out of the minister's partial answer to my question of March 24. Have checks now been completed concerning the importer of dangerously mislabelled drugs, and has the importer, the Lucas Company, been de-listed as an authorized supplier of drugs to Canada's armed forces.

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I thank the hon. member for giving me notice of his question. I will be pleased to bring it to the attention of the minister.

Mr. A. D. Hales (Wellington South): Mr. Speaker, I have a supplementary question for the Minister of Industry. Can the minister say whether the Lucas Company, referred to by the hon. member for Simcoe East is the same company to which his Department of Industry gave tax concessions, if they would locate in the former depressed area of Windsor?

Mr. Speaker: Order; I do not think that question is acceptable. Perhaps it should be placed on the order paper.

IMMIGRATION

SHOWING IN U.K. OF MISLEADING FILM ON CANADA

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, I should like to ask the Minister of Citizenship and Immigration whether he will investigate reports that a Canadian immigration department film, currently being shown to capacity audiences of prospective immigrants in the United Kingdom, presents a somewhat technicoloured picture of life in Canada which is misleading and which may lead to discontentment on the part of the immigrants when they arrive in this country.

Mr. Speaker: I am sure the matter raised by the hon. member will be taken under consideration by the minister. If the hon. member wishes, he might place his question on the order paper.

LABOUR CONDITIONS

AMHERST, N.S.—LAY-OFFS AT ENAMEL AND HEATING PLANT

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I should like to direct a question to the Minister of Industry. Has the minister received a telegram from the president of the union at Enamel and Heating Products Limited of Amherst with regard to impending lay-offs through a reduced work load, with a request for action from his department to prevent these lay-offs? What action does he plan to take?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I have not received any telegram.

Mr. Coates: I should like to direct a supplementary question to the Minister of Industry. I understand that telegrams have gone forward to officials of the government regarding the pending lay-off. I wonder whether he will make a check in this regard and indicate what his department anticipates it might do to alleviate this pending situation.

Mr. Drury: Mr. Chairman, as I said before I do not have a telegram, but I will check to see whether any has been received. I do know that for some time in the past efforts have been made to maintain a sufficient work load at Enamel and Heating to enable them to continue to compete for U.S. contracts. We are continuing to do as much as possible to maintain this business, and enable the company to engage in export trade.

[*Translation*]

ADMINISTRATION OF JUSTICE

GEORGES LEMAY—REQUEST FOR EXTRADITION FROM U.S.

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, in the absence of the Minister of Justice I shall put my question to the Prime Minister.

It is reported that the acting sheriff of Dade county, Miami, implied yesterday that the Canadian government had failed to apply for the extradition of Georges Lemay when he was arrested by the U.S. police. Did the government make such a request?

Mr. Speaker: Order. This question is not so urgent that the member could not put it on the order paper.

Mr. Asselin (Charlevoix): Mr. Speaker, he is Canada's most wanted criminal and he was found by means of "Early Bird". The Canadian people must know what action was taken by the government and the Minister of Justice, when Georges Lemay was found, to have him extradited to Canada.

Mr. Speaker: The member will know in due time.

[*English*]

LABOUR RELATIONS

NON-OPERATING RAILWAY UNIONS—THREATENED STRIKE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is for the Minister of Labour. I believe it is very urgent and is one I have asked several times in recent weeks. In view of the growing threat of a rail strike and the crisis this would precipitate in national transportation and communications, is the government planning any action to avert such a crisis, and has any plan been made to provide emergency services should this breakdown take place?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, as was made clear, I believe, in the house by an announcement some time ago, two conciliation boards have been set up to deal with the matters in dispute. They are to be chaired by a very able gentleman who is the unanimous choice of both the railways and the unions concerned. The first sitting of the conciliation board is to commence on May 31. The situation is serious, but perhaps

not as serious as might be indicated by the wording of the question put to me by the hon. member. I think it would be unwise, in my view, to anticipate the findings of these conciliation boards, where the chairman of which has been agreed upon by both sides.

DEFENCE PRODUCTION

CONTRACT FOR REPAIR AND REFIT OF H.M.C.S. "BONAVENTURE"

On the orders of the day:

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, at this time I should like to answer a question asked by the hon. member for Saint John-Albert (Mr. Bell) as to when an announcement would be made regarding the awarding of the contract for the refitting of the *Bonaventure*. That announcement has been made today.

A contract has been awarded to the value of $4,913,541 to Davie Shipbuilding Ltd. at Lauzon, Que. I should point out, lest there be any misunderstanding, that there are three elements of cost in the overhaul of the *Bonaventure*. One involves a firm price contract in the amount of some $4,900,000 for the work, for which specifications have been prepared in advance. There is another element of work on which competitive bids were submitted on a unit price basis for unknown work which will arise in the course of the inspection which is being carried out. This amount of work has been estimated to cost approximately $855,000, and I want to make it clear that that is only an estimate.

The third element of cost relates to stores and equipment in the nature of radar, electronic gear, air conditioning equipment, evaporators, oil purifiers, mechanical stores and related items to be purchased by the Department of Defence Production on behalf of the navy, to be furnished directly to the shipyards for installation. The amount of these purchases is estimated at approximately $2,230,000.

The sum of these individual items amounts to a total estimated cost for refitting the *Bonaventure* of something in the order of $8 million—and not $4,900,000 as announced as the firm price contract to Davie Shipbuilding Ltd.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a supplementary question. Do any of these contracts have any contingency clauses such as those often contained in building contracts, as a result of which padding can take place often to the extent of 10 per cent? If so, to what percentage do they exist?

Mr. Drury: Mr. Speaker, these contracts to not contain contingency clauses.

HOUSE OF COMMONS

FAILURE TO LIST MEMBERS IN NEW TELEPHONE DIRECTORY

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to address a brief question to the Secretary of State, asking the hon. lady why it was deemed necessary or advisable to drop the names of all hon. members of this house, except those who are heads of departments or parliamentary secretaries, from the alphabetical section of the new government telephone book just issued?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I have not had occasion recently to use a telephone book; therefore I am not in a position to give my hon. friend an answer. I realize that hon. members want to have their names and numbers available for constituents, at least, and I would be happy to obtain an answer for the hon. member.

• (3:40 p.m.)

REDISTRIBUTION

CONSIDERATION OF OBJECTIONS TO COMMISSION REPORTS

Mr. Speaker: On January 24 last a notice of objection in the form of a motion was filed with me in the following terms, namely:

That, pursuant to Section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964-65), consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966, for the reasons hereinafter specified.

(1) Historical connotation of the present name of the constituency of Quebec East.

(2) Possible confusion with the boundaries of a provincial constituency and city limits.

[*Translation*]

Mr. Valade: On a point of order, Mr. Speaker.

I should like an explanation about the procedure referred to earlier this afternoon, namely whether the specific points included in a general notice of objection can be discussed during this afternoon's debate, whether you have to hear motions from members

concerning their respective constituencies or whether specific notices will also be debated this afternoon.

Mr. Speaker: Will the hon. member as well all hon. members kindly note that the 16 notices of objection concerning the province of Quebec will be heard seriatim, according to the order in which they were filed with the Chair. The remaining two, of a general nature, will be examined later on, after consideration of the motions concerning Prince Edward Island, New Brunswick and Nova Scotia.

May I point out that there were not 16 but 14 particular objections.

Mr. Grégoire: There are 16, Mr. Speaker.

Mr. Valade: Mr. Speaker, I rise on a point of order. I merely wish to ask you to check, in future, the notices of objections submitted by some of the Quebec ridings. There are several of these notices of which one comprises four cases.

I therefore ask the Chair to study the objections in those special cases separately, and not to include them in the general objections.

Mr. Speaker: The hon. member will surely understand that it is impossible for the Chair to start a discussion with the hon. member or any other member of the house. The Chair will call the objections submitted to it in their chronological order.

The first notice submitted to the Chair is that of the hon. member for Quebec East (Mr. Duquet).

That, pursuant to Section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964-65), consideration be given by this House to the matter of an objection to the provisions of the Report of the Electoral Boundaries Commission for the Province of Quebec, laid before this House by Mr. Speaker on Wednesday, January 19, 1966, for the reasons hereinafter specified.

(1) Historical connotation of the present name of the constituency of Quebec East.

(2) Possible confusion with the boundaries of a provincial constituency and city limits.

Mr. Gérard Duquet (Quebec East): I am happy to speak for the first time in the house, all the more so because I take the floor to justify the notice of objection now before the house which is to keep to the riding of Quebec East, which I represent, the name it now bears. It has been decided to change it and we feel that such a decision is unwarranted.

Mr. Speaker, on November 20, 1964, Statute 13, Elizabeth II, Chapter 31, was sanctioned under the title: Electoral Boundaries Readjustment Act. That legislation authorized the establishment of commissions to revise the electoral boundaries throughout the country.

In the case of the province of Quebec, that commission was presided by judge Paul Langlois, of Montreal, and was made up of Mr. François Drouin, lawyer, chief electoral officer for the province of Quebec; Mr. Nelson Castonguay, representation commissioner, in Ottawa, and Mr. Yves Caron, notary and professor of law, acting as secretary.

I would like to point out at the start, Mr. Speaker, that I do not question the competence of any of those distinguished people.

I wish to point out here that, through my notice of objection, I am not objecting in any way to the change made by the commissioners in the geographic boundaries of Quebec East but only to the new name of Limoilou.

To justify my objection, I give the five reasons that follow:

First, the geographic location of the riding; second, the possibility of confusion with the provincial riding; third, the fact that a double name cannot be considered a valid objection; fourth, the unanimous opposition against the proposed change and, fifth, the history of Quebec East.

With regard to the geographic location, Mr. Speaker, if you examine the map of the city of Quebec, you will see that the riding of Quebec East, as made up by the commissioners in their report, is bound on the east by the city of Giffard, located at the eastern end of the city of Quebec. It means that, taking into account the geographic limits of the city of Quebec, most of the riding occupies all the eastern section of the city, and geographically the name of Quebec East corresponds perfectly to the geographic reality of the place and, therefore, there is no reason why it should not be kept.

You will also note that, although the city of Quebec West was added to the riding, as suggested by the commissioners, this addition represents only about a fifth of the present area of the riding of Quebec East and the difference, that is four fifths of it, still remains in the eastern section of the city of Quebec.

In my opinion, this fact alone would be reason enough to prompt the commissioners to consider our objection to the proposed change in name and to maintain the designation of Quebec East.

The new electoral map of the province of Quebec now includes a new riding also called Limoilou. The geographical boundaries do not square at all with those of the federal riding. The population in the new constituency proposed by the commission and to be called Limoilou is not the same as in the provincial riding. This is a further reason for maintaining the name of Quebec East. Any possible confusion would thus be avoided between the provincial riding and the federal riding which bear the same name while having different geographical boundaries.

I am also told that in preparing their report, the commissioners sought to suppress double names. Even in such circumstances, Mr. Speaker, I respectfully submit that, in the particular case of Quebec East, it would be possible to overlook this consideration.

In spite of all their good will, the Quebec commissioners were unable to follow this rule, and, in several cases, they maintained some of those hyphenated names such as Côte-Nord, Lac-Saint-Jean, Notre-Dame-de-Grâce, Mont-Royal, Louis-Hébert. These are hyphenated names and, in addition, the name of Trois-Rivières was kept. Now, if the name of the Trois-Rivières riding has been strictly maintained on account of the city of that name, I wonder why the name of Quebec East should be changed, a name designating the oldest constituency in Quebec city and, moreover, identifying it with this historic city, the capital city of the province of Quebec.

Besides, in the other provinces, the commissioners were not so parsimonious in this connection. In the province of Newfoundland are found the names of Bonavista-Twillingate, Trinity-Conception, Grand Falls-White Bay-Labrador, Humber-St. George's. In Ontario, what is there to say about the names of these seven York ridings ending with East, West, South, Centre, North, etc. In Nova Scotia, you have the names of Antigonish-Guysborough, Cape Breton North and Victoria and many others. The same holds true in Alberta.

All the hyphenated names I have referred to are much more difficult to spell and pronounce than Quebec East. The elimination of hyphenated names therefore cannot justify the elimination of Quebec East.

Mr. Speaker, my fourth objection is that the people of Quebec East riding object. The people of Quebec East are insistent upon the maintenance of the name of the riding. I should like to call attention to the intervention of hundreds of constituents who have indicated to me their satisfaction with, and approval of, my objection. Indeed, I have received a multitude of representations on this question. Furthermore, at a meeting held in the constituency on January 31, those present unanimously asked that I oppose the change. I take this opportunity to thank my constituents and to congratulate them on their position on this question, which is indicative of their regard for the illustrious figures by whom Quebec East has been represented in the past.

I hope, Mr. Speaker, that the members of the commission will not remain indifferent to the opinion of a population of 50,000 voters.

As a last argument, I would like to bring forward the historical fact. In order to justify this motion, could I make a brief historical account of the riding of Quebec East.

On March 30, 1860, the riding of Quebec East was established by an act ratified on April 23, 1860, under the government of the hon. Cartier. My riding is thus 106 years old.

The first election in the riding took place on May 14, 1860. Notary Gabriel Huot became its first member, serving in the federal as well as the provincial government until July 21, 1867, under the government of Sir John A. Macdonald.

Notary Huot gave up his provincial mandate and was elected by acclamation, becoming the first federal member for Quebec East; he gave up this office in 1870 to become Postmaster of Quebec city.

There had to be a by-election and on July 14 and 15, 1870, Notary Tourangeau became the second federal member for Quebec East. Notary Tourangeau was re-elected by acclamation in the general election of July 29, 1872.

Mr. Speaker, I must also point out the presence of Mr. Pelletier as provincial member for Quebec East during the same period, from May 1873 to January 1874. Mr. Pelletier was representing at the same time the riding of Kamouraska in the federal government.

Mr. Pelletier had a brilliant career. Senator in 1877, he was also a minister in Mr. Mackenzie's cabinet, speaker of the Senate in 1896 and, in 1908, lieutenant-governor of the province of Quebec until his death in 1911.

In 1874, after the Canadian Pacific scandal, Sir John A. Macdonald resigned and Mr. Mackenzie took over the direction of the government. Following the dissolution of the houses, elections were set for January 1874.

Hon. Isidore Thibaudeau was then chosen as candidate against notary A. G. Tourangeau, the latter withdrawing as a candidate on January 18. On the 22nd, during the nomination, hon. Isidore Thibaudeau was elected by acclamation and became the third federal member for Quebec East.

Hon. Thibaudeau was a distinguished personality. He had been a member of the Brown-Dorion cabinet and after that of the J. Sanfield-Macdonald-Dorion cabinet.

In 1877, hon. Mr. Thibaudeau resigned as the member for Quebec East to enable right hon. Sir Wilfrid Laurier, who had just been defeated in Drummond-Arthabaska, to seek election in Quebec East, thus facilitating Laurier's return to the Mackenzie cabinet, to which he had been appointed in October, 1877.

Thus, on November 28, 1877, Laurier became the fourth member for Quebec East. Mr. Speaker, it turned out that he retained that seat for 42 years, until his death in 1919. For 32 years, he was leader of the Liberal party and for 15 years, prime minister of Canada. In the course of his brilliant career he won 11 consecutive elections in Quebec East.

On June 20, 1882, and March 5, 1891, in spite of overwhelming Conservative victories—

• (3:50 p.m.)

Mr. Grégoire: I rise on a point of order, Mr. Speaker.

I wonder whether all this discussion is in order. The hon. member has been talking for 16 minutes and we have now reached 1882, having started at 1860. If all hon. members insist on reviewing the history of their riding in such detail, the house will not be able to discuss the exact matter under consideration, that is the electoral redistribution. Since we have only 6 days for the 265 constituencies of the country, and that, after 16 minutes, we are only in 1882 as far as the constituency of Quebec East is concerned, I do not see how we will be able to consider all constituencies.

I would suggest that the hon. member be called to order so that those with real redistribution problems be given an opportunity to discuss them in these six days.

Mr. Duquet: Mr. Speaker, on the point of order I will tell the hon. member for Lapointe that if he were the member for Quebec East and if his riding were as historical as Quebec East, he would talk for 40 minutes instead of 16.

Mr. Speaker: Order.

Mr. Duquet: I have only five or six minutes left, Mr. Speaker, and I should like to continue my speech.

Mr. Speaker: I still wish to point out to the hon. member for Quebec East, however, that I partly agree with the objection just made by the hon. member for Lapointe.

In my opinion, the question now is to determine whether the name of his riding should be changed or not. I doubt that it is in order for him to recount the whole history of his riding, and I would ask him to pass on as quickly as possible to the specific point we have to consider.

Mr. Duquet: Mr. Speaker, I ask your indulgence for a reason I gave earlier: it is not hon. members of the house whom I wish to convince that the name of Quebec East should be kept but the members of the commission who made the report.

I feel that my present speech may convince them of the importance of keeping the name of Quebec East and I ask your permission to continue, Mr. Speaker, as I only need about ten minutes more.

Mr. Speaker, to describe the whole career—

Mr. Grégoire: Mr. Speaker, if the hon. member needs another ten minutes this means half an hour per speaker and there are 16 to come. We will never finish tonight.

Mr. Speaker: The hon. member said he would need another five minutes. I hope he will soon come to the point and be able to condense somewhat his remarks.

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I think the hon. member for Lapointe should allow the hon. member for Quebec East to continue. It is the maiden speech of the former in the house and I think he should be allowed to go on with his historical account. In our opinion, this would seem quite feasible.

Mr. Duquet: I thank you, Mr. Speaker.

It would be superfluous to relate the whole career of Sir Wilfrid Laurier; after all, he has only been dead for 47 years and we still

retain a clear memory of that great Canadian.

Nevertheless, I would like to mention one small thing. During the election held on February 22, 1887, Sir Wilfrid Laurier's opponent in Quebec East constituency was lawyer F. X. Drouin. Later, in 1917, Laurier's opponent in the same Quebec East county was Mr. F. O. Drouin, son of the former.

Now, Mr. Speaker, the candidate of 1887, lawyer F. I. Drouin, and the candidate of 1917, lawyer F. O. Drouin, were respectively the grandfather and the father of lawyer François Drouin who is now the general electoral officer for the province of Quebec and a member of the readjustment commission.

I hope, Mr. Speaker, that this historical fact will prompt lawyer François Drouin to try and retain the name of this constituency.

I would not want to give an historical account of Quebec East without recalling the leadership of Right Hon. Ernest Lapointe in that county.

In August 1919, Mr. Mackenzie King became leader of the liberal party, and in the fall of that year, another great Canadian figure appeared on the political scene, Mr. Ernest Lapointe, elected member for Quebec East, at a by-election.

Re-elected at the federal election of December 1921, he entered the federal cabinet of which he remained a member until his death, in 1941, that is during nearly for 21 years.

In my opinion we have no right to minimize the significance of such a political career. Lapointe is a name which is linked to the constituency of Quebec East; it is another of those national glories to which as French Canadians we must remain deeply attached.

Ernest Lapointe was the true champion of Canadian unity. He advocated continuously the unity of Canada, denouncing in very strong terms any attempt to break up that unity.

I should like to quote what Mr. Mackenzie King said after the death of Ernest Lapointe.

I like to think that we shared Laurier's succession. Upon me was bestowed the great honour of succeeding Mr. Laurier as head of the party, he (Lapointe) had the honour of succeeding Mr. Laurier as representative of the historic constituency of Quebec East and the distinction of becoming his people's spokesman to the rest of Canada.

I trust that Mr. Ernest Lapointe's value was so noteworthy that the name of the constituency he represented so valorously for 22 years in this house, will not disappear from the electoral map.

[Mr. Duquet.]

I suggest that that is an excellent opportunity to pay tribute to his illustrious son, his Excellency Mr. Hugues Lapointe, present lieutenant-governor of the province of Quebec.

In concluding, I should like to recall a period very much closer to us, no doubt, and quite significant, I admit, but how rewarding for all Canadians: that of Mr. Louis St. Laurent, who was elected on February 9, 1942 and who also remained the hon. member for Quebec East for 15 years.

To recall here the highlights of the career of the Right Hon. Louis St. Laurent would, I am sure, offend the modesty of this great Canadian who, fortunately, is still among us.

Yet he is another prominent figure of Canadian politics who, in particularly difficult times, showed the outstanding qualities of a statesman and succeeded in leading the country with unequalled dignity.

Therefore, it is easy to understand that Mr. St. Laurent still enjoys great prestige.

Quebec East will always remember Louis St-Laurent with fervent devotion.

Feelings of admiration for Mr. Louis St-Laurent have so often been warmly expressed throughout the world, in Canada and especially in Quebec East, that to add to them would be overdoing it; possibly because he is so much closer to us, we should keep the name of Quebec East closely knit with the career of that great statesman, the Right Hon. Louis St. Laurent.

Mr. Speaker, if you will allow me, I should like to read a letter Right Hon. Louis St. Laurent sent me on February 16 last. I quote:

Dear Mr. Duquet,

I congratulate you for endeavouring to prevent the name of the Quebec East riding from being changed to that of Limoilou.

As you know, that riding has always been called Quebec East, ever since the first elections after Confederation. Only three members have represented it from November 28, 1877 to the general elections of March 31, 1958. This is probably a record of electoral stability over 81 years. Sir Wilfrid Laurier was the member for Quebec East until his death in 1919, having been elected in two by-elections and nine general elections. He was replaced by Hon. Ernest Lapointe who was also elected in two by-elections and six general elections.

After the death of Hon. Ernest Lapointe, in November 1941, I was asked to replace him as Minister of Justice and I was elected to the House of Commons in a by-election, on February 9, 1942, and re-elected in four general elections.

I was very proud to have had as predecessors Sir Wilfrid Laurier and Hon. Ernest Lapointe and I am convinced that you are yourself prouder

to be the member for Quebec East than you would be to represent another riding.

I trust that the Electoral Boundaries Commission will not persist in its project to remove that historical name from the list of electoral constituencies in our province and I sincerely hope that you will succeed in your endeavour.

I know that you have the support of our friend hon. senator Dessureault, who helped me with such dedication in all my campaigns, as he had done for my immediate predecessor Mr. Lapointe.

Kindly accept, my dear Mr. Duquet, the assurance of my best wishes for your own career. I remain as always,

Yours very truly,

Louis St. Laurent.

I have, Mr. Speaker, another letter from Hon. Dessureault which I add to the file and which is written practically along the same lines.

I will therefore conclude my remarks, Mr. Speaker, with the argument that the illustrious men who presided over the destiny of Quebec East are men whose names we must remember. I think the removal of the name of Quebec East from the electoral map would be an insult to the memory of those illustrious men who, for more than 100 years, represented so well in this house the riding of Quebec East.

It will appear to some that I indulged in sentimentality, Mr. Speaker. It may have looked that way but duty overrides sentimentality. We must know how to go back to the spiritual values which can often inspire us. We must not forget our origins. We must keep and honour the memory of those who, before us, through their efforts and sacrifices, built the beautiful country in which we live.

Laurier, Lapointe, St. Laurent were among those and it is our duty, Mr. Speaker, as representatives of the people, as members of Parliament, to see to it that the memory of those dominating figures of our great Canada is kept alive. Failing to do that, would be to disregard history.

I conclude my remarks with the conviction that I have done my duty, that I have expressed the views of my constituents as well as those of all enlightened people in our country and in the province of Quebec.

In the province of Quebec in particular, taking the only stand I could to remain true to the spirit and the letter of our province's motto, which wants us to remain devoted to tradition and which, on behalf of all, I am happy to state in this house "I remember".

Mr. Asselin: Would the hon. member for Quebec East allow me to ask him a question?

Redistribution

Since several parishes of the previous Quebec East constituency are to disappear to be included in the new constituency of Limoilou, as the commissioners want, and in view of the encomium bestowed on the Right Hon. Louis St. Laurent by the hon. member, if the commissioners refuse to keep the names of Quebec East and Limoilou, would it not be better to suggest to the hon. member that the name of the constituency of Limoilou be replaced by that of St. Laurent?

Mr. Duquet: Mr. Speaker, may I thank the hon. member for his suggestion. I believe it is excellent, ant it could very well be submitted to the commission members; in fact, I would like to see it included in the report to be made to the commission after my speech.

Mr. Grégoire: Mr. Speaker, I should also like to direct a question to the hon. member.

Since there is already a constituency which bears the name of "St. Laurent" that of St. Lawrence-St. George, considering there is also a riding called Laurier, and in view of the fact that I have moved that the name of Lapointe be changed for that of Jonquière, would the hon. member be ready to accept the name of Lapointe instead of Limoilou for his constituency? That would maintain the name of Lapointe in Quebec East. Would the hon. member be ready to accept this suggestion rather than that of "St. Laurent" since a riding already bears that name?

Mr. Duquet: Mr. Speaker, in reply to the question asked by the hon. member for Lapointe, I believe that, following the speech I have just made, the letter from Mr. St. Laurent, I have put on the record, and with the plain common sense which they must necessarily show, the commissioners will understand that those names are related to the constituency of Quebec East and not to the ridings of Limoilou, "St. Laurent", or Lapointe.

Besides, I would be happy to rid the hon. member for Lapointe of the name of his constituency, but I would rather keep Quebec East, which is really an historical name, since I believe the Lapointe constituency will never become an historical name under the present member of the house.

• (4:00 p.m.)

[*English*]

Mr. Deputy Speaker: Order. Does this complete the consideration of Objection No. 1?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The house having considered this objection, it will be the duty of Mr. Speaker, pursuant to section 20 of the Electoral Boundaries Readjustment Act, to refer the report of the Boundaries Commission, together with a copy of the Objection and also a copy of the debates of this house, back to the commission for reconsideration thereof.

The house will now proceed to consideration of Objection No. 2 on the list given to the house. This is listed in the pamphlet as Objection No. 3.

On February 4 last a notice of objection in the form of a motion was filed with Mr. Speaker in the following terms, namely:

Proposed Electoral District of Trois-Rivières:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964-65), consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966, on the grounds set forth hereafter:

Objections to the new boundaries of the constituency of Trois-Rivières:

The petition is filed in order that the town of Trois-Rivières-Ouest may continue to be a part of the federal constituency of Trois-Rivières for the following reasons:

(a) the town of Trois-Rivières-Ouest is a part of the physical and demographic entity of greater Trois-Rivières;

(b) its problems at all levels are, for all practical purposes, identical with those of Trois-Rivières;

(c) pursuant to the policy of the provincial Department of Municipal Affairs, Trois-Rivières-Ouest will soon have to merge with the city of Trois-Rivières;

(d) the municipal council of Trois-Rivières-Ouest has filed a formal petition for the purpose of remaining within the federal constituency of Trois-Rivières.

Mr. Grégoire: Mr. Speaker, may I ask that this objection stand in the absence of the hon. member for Trois-Rivières (Mr. Mongrain)?

Mr. Deputy Speaker: Is it agreed that in the absence of the hon. member for Trois-Rivières (Mr. Mongrain) this objection stands?

Some hon. Members: Agreed.

Mr. Starr: Mr. Speaker, I rise on a point of order. I should like to ask for how long the objection will stand. As you know, our time is limited to six days, and not full days at that. The house leaders have agreed that certain times should be allotted to these debates. I do not know whether I would agree that it stand. If the hon. gentleman is not here we should proceed without standing this particular objection.

Mr. Grégoire: Mr. Speaker, may I ask the hon. member for Ontario (Mr. Starr) whether he would agree that this motion stand, and if there is time left at the end it can be discussed, without any obligation being entered into by the house? As the hon. member for Trois-Rivières (Mr. Mongrain) is an independent member he would have no house leader, and perhaps was not aware of the conventions established between the house leaders of the various parties. That may be the reason he is not here.

Mr. Starr: With the understanding that they will be discussed if sufficient time is left after all these objections have been dealt with, then I would be agreeable.

Mr. Deputy Speaker: I think the Chair would like to be very clear about what we are doing here. Does the hon. member for Ontario mean that all of the objections have to be completed before those which are stood are taken up, or all of the objections for the province of Quebec?

Mr. Olson: Mr. Speaker, I wonder whether I could make this suggestion, that the motion you have just put be called as the last motion from the province of Quebec.

Mr. Starr: No. I understood the hon. member who spoke last to say that this should be discussed as the last motion from the province of Quebec. That is not what I have agreed to. If all motions have been disposed of from all provinces and there is sufficient time left to deal with this one, then and only then do I agree it should be discussed.

Mr. Grégoire: Very well.

Mr. Deputy Speaker: Do I take it that the house agrees that if some objections are stood these will be taken up after all other objections have been considered, if time permits?

Some hon. Members: Agreed.

Objection No. 3 stands.

Mr. Deputy Speaker: We will proceed, therefore to objection No. 3 on the list given the Chair, which is listed as No. 4 in the pamphlet.

On February 9 last a notice of objection in the form of a motion was filed with Mr. Speaker in the following terms, namely:

Proposed Electoral District of Lapointe:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964-65), consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966, on the grounds set forth hereafter:

Changing the name of the "Comté de Lapointe" into "Comté de Jonquière".

[*Translation*]

Mr. Grégoire: Mr. Speaker, my speech will be brief. The purpose of my motion is to have the name of the Lapointe constituency changed to that of Jonquière.

In order to shorten the debate, I should request that the speech I made on December 4, 1964 and which is recorded on page 10865 of *Hansard* be tabled and printed in the official report as having been delivered today, and expressing the remarks I intended to make on this subject. If the members are agreeable this would save the time of the house and leave room for many other speakers.

I request unanimous consent of the house to have this speech inserted in the record.

Mr. Laflamme: The hon. gentleman could give a summary.

Mr. Grégoire: I might sum up my main arguments, but this will require several minutes.

Some hon. Members: Agreed.

Mr. Choquette: I remember the speech made at the time. There was some heckling. Does the hon. member wish to include the heckling that occurred?

Mr. Grégoire: I have read it over. There was one intervention, a question from the former minister without portfolio the former member for Saint-Jean-Iberville-Napierville, who asked whether the other towns in the constituency agreed. To which I answered: Yes.

If the hon. members of the house give their unanimous consent to have this speech printed in *Hansard*—

• (4:10 p.m.)

[*English*]

Mr. Knowles: Mr. Speaker, I think that the request the hon. member for Lapointe is making is one that we should look at carefully. As I understand it, he is asking that a speech he made on a previous occasion be printed in *Hansard* without his having to make the speech again. Obviously that would require unanimous consent. I think this would be a most unwise practice. What could flow from this is really tremendous.

I would think that it would be sufficient for the hon. member in the speech he is now making, which after all is directed to the Electoral Boundaries Commission, to ask the members of that commission to look at his previous speech. He could give them the date it was made, and the pages in *Hansard* in which it appears. Otherwise, if all those who have objections have their former speeches included in *Hansard*, it will result in an awful situation. Today's volume of *Hansard* would be tremendously thick.

Mr. Olson: Mr. Speaker, I think it would be a wrong precedent for an hon. member to be allowed to have included in *Hansard* a speech he has not made in this house. Perhaps we could go one step farther than the hon. member for Winnipeg North Centre has suggested. Perhaps the house would give consent for Mr. Speaker to include this former speech with the documents which are sent back to that commission.

Mr. Deputy Speaker: I think the responsibilities of the Chair in this matter are, under section 20 of the Electoral Boundaries Readjustment Act, to refer to the Boundaries Commission the consideration which is being given to the objections at this particular time. I believe that to refer to any speeches which have been previously made would not now be appropriate. I would think that if Mr. Speaker would refer to the commission what is being said today, he would thereby have fulfilled his duty as far as the redistribution act is concerned.

[*Translation*]

Mr. Grégoire: If I understood correctly, you will supply them with a copy of *Hansard* for that day.

My intention was to save time and thus enable others to bring their objections forward. I will summarize what I have said:

I ask that the name of the constituency of Lapointe be changed to that of Jonquière.

Such is the hope and wish of the entire population of the riding. Jonquière is the major city in the riding, the seat of the constituency. The Chamber of Commerce, the municipalities, the school boards have been asking for such a change for years. The previous members of the riding have also requested it.

In such circumstances, since it is the unanimous wish of the constituency, the commission should not object to change the name of the constituency in order to give it a more appropriate geographical name, that is the constituency of Jonquière.

It is the constituency's name at the provincial level. At the federal level the constituency would be called Jonquière. In addition to being the wish and the desire of all my constituents, it would also be an advantage for the population, both from the standpoints of tourism and of knowledge of the constituency.

[*English*]

Mr. Deputy Speaker: Does this complete the consideration of Objection No. 2?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The house having considered this objection, it will be the duty of Mr. Speaker, pursuant to section 20 of the Electoral Boundaries Readjustment Act, to refer the report of the Boundaries Commission together with a copy of the objection and also a copy of the debates of the house back to the commission for consideration thereof.

Mr. Ricard: Was that No. 3?

Mr. Deputy Speaker: Order, please. May I for clarity, suggest to the house that when referring to the objections in the order given to the Speaker, that I refer to the number on the Speaker's list and also to the number on the list in the pamphlet.

Mr. Lambert: That is the best way.

Some hon. Members: Agreed.

Mr. Deputy Speaker: We shall now take objection listed as No. 4 on the Speaker's list and as No. 6 in the pamphlet.

On February 11 last a notice of objection in the form of a motion was filed with Mr. Speaker in the following terms, namely:

[*Translation*]

Proposed Electoral District of Stanstead:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964-65), consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966, on the grounds set forth hereafter:

We have made representations before the commission in Sherbrooke, on July 13, 1965, in order that Compton be allowed to keep its name, since 75 per cent of the parishes are located in Compton. These representations have been made to prevent Compton from being replaced by Stanstead.

[Mr. Grégoire.]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, with regard to the constituency which I represent, we have received from many municipalities protests against the deletion of the name Compton. The name Compton had been replaced by Stanstead. The Compton parishes account for more than 75 per cent of the area. However, it was proposed to call it Stanstead.

I have here several resolutions of municipalities opposed to this change of name. The constituency of Compton-Frontenac comprises three quarters of the future constituency of Stanstead. I hope that the name of the area which will be entrusted to us will be Compton because that name is our best asset during election time, and the people of the constituency have always voted at Compton; therefore, I protest against calling it Stanstead.

Several aldermen and mayors suggest that the name of Compton be kept. Furthermore, it is asked that the size of the riding be reduced. The hon. member for Brome-Missisquoi (Mr. Grafftey) told me he did not object to keeping in his county the following municipalities: Stanstead, Rock Island, Dixville, Barnston, Barnston West, Ogden, Ayers Cliff and Beebe Plain.

The reason for this request is to meet all the needs expressed by the voters and economic and agricultural interests. Highways 9 and 50 separate the counties of Compton and Brome-Missisquoi.

Mr. Speaker, we ask the Commission to revise its decision so that the parishes I have just listed remain in the riding of Brome-Missisquoi and all further divisions be determined by highways 9 and 50 which separate the counties of Compton and Brome-Missisquoi. There would be no highway to cross in going to a parish, which could represent a fair distance and create difficulties for many people. It would be better to leave these parishes in Brome-Missisquoi than to include them in the county of Compton.

Thus, once more, let us keep the name of Compton and of the parishes I have already

mentioned. These parishes should remain in the constituency of Brome-Missisquoi.

[*English*]

Mr. Deputy Speaker: Does this complete consideration of Objection No. 4 on the Speaker's list?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The house having considered this objection, it will be the duty of the Speaker pursuant to section 20 of the Electoral Boundaries Readjustment Act to refer the report of the Boundaries Commission together with a copy of the Objection and also a copy of the debates of the house, back to the commission for consideration thereof.

• (4:20 p.m.)

The house will now proceed to Objection No. 5 on the Speaker's list, No. 8 on the pamphlet. The text of the objection will be found on page 18 of the pamphlet.

On February 14 last a notice of an objection in the form of a motion was filed with Mr. Speaker in the following terms, namely:

Proposed Electoral District of Côte Nord:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (chapter 31, statutes of Canada 1964-65) and for the reasons hereinafter specified, consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966.

(1) Meaning of the present name of the electoral district of Saguenay. It is a misleading name, which may be confused with the area of Chicoutimi and Lake St. Jean.

(2) Recommendation is made that the name Côte Nord proposed by the commission be replaced by that of Manicouagan.

Mr. Stewart: Mr. Speaker, may I suggest that this motion of objection be treated in the same way as the motion concerning Trois-Rivières.

Mr. Deputy Speaker: Does the hon. member wish this motion to stand?

Mr. Stewart: That is correct.

Mr. Deputy Speaker: Does the house give unanimous consent to stand the motion?

Mr. Starr: With the same reservation as applied to the previous one.

Mr. Deputy Speaker: Is this agreed?

Some hon. Members: Agreed.

Objection No. 8 stands.

Mr. Deputy Speaker: We will now proceed to Objection No. 6 on the Speaker's list, No. 12 on the pamphlet. The text of the objection will be found at page 23 of the pamphlet.

On February 15 a notice of Objection in the form of a motion was filed with Mr. Speaker in the following terms, namely:

Proposed Electoral District of Abitibi:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (chapter 31, statutes of Canada 1964-65) and for the reasons hereinafter specified, consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966.

Objections to the new boundaries of Abitibi County:

Petition is made in order that the following townships: Quévillon, Comtois, Franquet, Fraser, Desjardins, Bruneau, be removed from the proposed constituency of Abitibi and replaced by the following ones: La Motte, Lacorne, Landrienne, Duvernay, Castagnier and Coigny.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, my remarks will be very brief for the time being. I have raised an objection to the boundaries of the proposed constituency of Abitibi, because the commission or who devised these electoral boundaries has taken no account of its geography. It seems its only concern was the population.

So, when we consider these boundaries, the member of the proposed constituency of Abitibi will have to travel 65 or 70 miles in the next constituency which will be called Villeneuve, to visit certain areas of his constituency. So, Mr. Speaker, you will understand, and I hope the commission will also understand, that this is an impossible situation.

So here is the suggestion I have sent to them: that the following counties: Quévillon, Comtois, Franquet, Fraser, Desjardins, Bruneau, which are located north of the boundary set for the proposed constituency of Villeneuve, and which belong to the proposed constituency of Abitibi, be transferred to the proposed constituency of Villeneuve.

All those townships are now included in the Villeneuve riding. Replacing the single town of Quévillon which belongs to that township, is part of the town of Senneterre for commercial and business purposes and is much closer than many others would cause no inconvenience.

Redistribution

I suggest that the townships located west of the proposed Villeneuve riding and adjacent to the proposed Abitibi riding, near the town of Amos, namely the La Motte, Lacorne, Landrienne, Duvernay, Castagnier and Coigny townships be withdrawn from the proposed Villeneuve riding and transferred to the proposed Abitibi riding, so that the change of population would be roughly the same. This would not change the population of the neighbouring riding very much. The towns of Castagnier, St. Maurice and Landrienne, located in the commercial centre of the town of Amos, would be transferred to the proposed Abitibi riding.

Mr. Speaker, if the commission is willing to study my proposal, I think it will be seen as geographically preferable to the one which is now recommended; it would also meet with the wishes of the population which is requesting the change.

It would also facilitate the work, not only of the present member for Chapleau, but also for those who—I hope it will not be too soon—eventually, will replace him. Besides, it would also prevent confusion.

I therefore ask the commission to study my proposal, and I feel confident it will understand the situation.

The Acting Speaker (Mr. Rinfret): I believe the remarks of the hon. member bring to a close considerations concerning Objection No. 12.

The house having considered this objection, it is my duty, pursuant to section 20 of the Electoral Boundaries Readjustment Act, to refer the report to the Boundaries Commission, together with a copy of the objection and also a copy of the debates of the house back to the commission for consideration thereof.

We will now take up Objection No. 19 which is recorded at page 34 of the pamphlet you have before you:

On February 17, 1966, notice of objection—

An hon. Member: Dispense.

The Acting Speaker (Mr. Rinfret): The motion before the house deals with the constituency of Dorchester.

[*English*]

Mr. Stewart: Mr. Speaker, may I make in this case the same request that I made in reference to the previous instance of Côte Nord, that is, that this stand following the precedent in the case of the constituency of Trois-Rivières.

[*Translation*]

The Acting Speaker (Mr. Rinfret): Does the house agree to follow, with respect to this objection, the same procedure as for the others?

Objection No. 19 stands.

We shall now carry on with the consideration of objection No. 21, on page 35 in your pamphlet, which was filed on February 17, 1966 with respect to the electoral district of Témiscouata.

I am given to understand that the hon. members of the house could accept the suggestions made by the Parliamentary Secretary (Mr. Stewart) to the effect that we should proceed in the same way as we have done as regards the objections not considered as such at this stage by the hon. members of the house.

Objection No. 21 stands.

Mr. Lambert: On a point of order, Mr. Speaker.

Could I simply ask that the government delegation be present in the house? They are only a small group of six or seven and almost all of them have representations to make. They knew very well what would be the procedure this afternoon; let them come to the house. After all, other members based themselves on the procedure that was to be followed and are doing their work. The procedure was established and there are other members who are not in their seats.

I call on the indulgence and the devotion of the government whip for him to gather government members so that each of them make his own representations.

It is very unfair to others, as we say.

The Acting Speaker (Mr. Rinfret): The house will now consider objection No. 8, on page 35 of the pamphlet, with respect to the electoral constituency of Témiscouata.

I apologize to hon. members; we must now consider the objection dealing with the electoral district of St. Henri.

Proposed Electoral District of St. Henri:

That, pursuant to Section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964-65) and for the reasons hereinafter

specified, consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966.

(a) By changing the name of the constituency in its last report, the commission has created a certain amount of dissension in the midst of the population. Some would like to keep the name of St. Anne, others would like that of St. Henri.

In order to cure this feeling of uneasiness, I suggest that the constituency be given the name of "Marguerite Bourgeois". On her arrival in Canada in 1662, Mother Marguerite Bourgeois devoted herself to the education of the children of our first settlers. She founded the first school in 1668—the same school where the daughters of the settlers received their education until 1881. This historical monument, erected in 1668, still exists and the Congregation of Notre Dame has just converted it into a museum. I am pleased that the constituency includes within its boundaries this testimony to our history; that is why, after conducting an investigation among the electors. I am making this proposal on their behalf.

(b) In the report, on page 30, section 57, at line 22, let the following words be stricken out "from there to the south-west up to LaMontagne Street", and also the words "and the east" on the following line. Here are the reasons:

I request that the line of Windsor Street at the Notre Dame intersection be continued up to the southern boundary (Wellington intersection). This will have the result of increasing the size of the population by giving it 600 other electors. This sector was always a part of the constituency, the more so as in the east up to St. Lawrence Street there are no electors. Furthermore, this sector is the most important part of the parish of St. Anne, which is situated on the other side of La Montagne Street; this places its residents in a constituency other than the one in which the church which is opposite their door is located.

The representative of St. James constituency thinks that my proposal is quite logical.

• (4:30 p.m.)

[*English*]

Mr. Ricard: Témiscouata is stood.

[*Translation*]

Mr. Gérard Loiselle (St. Ann): Mr. Speaker, I have only a few words to say to set out the reasons for my objection to the new name proposed in the second report of the commission, that of Saint-Henri.

All citizens of the constituency were more than satisfied with the first report of the Electoral Boundaries Commission, which kept the name of St. Ann.

This constituency was established in 1892, and we were satisfied with that report. From a small Montreal riding, St. Ann became the second largest in the province of Quebec.

In the second report of the commission, however, the name of Saint-Henri is proposed. I have nothing against that name; I was born myself in Saint-Henri, in Montreal. However, Saint-Henri which is to be in the new riding, does not constitute the major part of the latter. The riding of Saint-Henri was established under the redistribution act of 1924, whereas, as I said earlier, St. Ann exists since 1892. Before that, it was called Montreal Centre, the greater part of which became St. Ann. But since 1892, the riding has always been called St. Ann.

I object to the new designation of Saint-Henri. A petition was started after the time limit expired for the public hearings to be held by the commission in Montreal. We were unable, therefore, to submit a request to be heard and to present an objection.

As I was saying earlier, I have nothing against the name of Saint-Henri; it is a distinguished name. The riding is called "St. Ann" in the first report and "Saint-Henri" in the second. This makes me a bit uneasy, because some of the people want to keep the name of St. Ann, while others prefer the name of Saint-Henri.

To reconciliate everyone, I thought of proposing a third name, that of Marguerite Bourgeoys. Here is why. Everybody is familiar with the life of Marguerite Bourgeoys who came to Montreal in 1662. She happened to take her first steps on Canadian soil in St. Charles, in the riding of St. Ann.

In 1668, Marguerite Bourgeoys built a school to educate the daughters of the colonists. Consequently, from 1668 to 1681, this same school, built by Marguerite Bourgeoys, was used to educate the daughters of our colonists. This same school is still in existence today and was designated as a historic monument. This building is a few steps from my home and the members of the order of Notre Dame who are the followers of Marguerite Bourgeoys have made it into a museum, after recently modernizing it.

To my mind, it would be a fine thing if the riding were given the name of Marguerite Bourgeoys.

When I saw that I would have to oppose the name, I took the opportunity of asking for a minor correction to the boundary.

As I said a few minutes ago, with the new boundaries St. Ann's will become the second largest riding in Quebec, population-wise. I ask that the boundaries be slightly extended, since only a correction is involved. On the plan, the boundary of this riding is, on the east, Windsor street; St. Catherine street on the north; St. Rémi street on the west and the St. Lawrence river on the south. The correction would occur starting from the

northeast, that is to say from St. Catherine and Windsor streets southward; instead of turning west as the map now indicates, I would like to request that the boundary on Windsor steet be extended from the north southward so as to connect with Wellington street. With the fork the map-makers designed on the map, the majority of the parishioners of St. Ann's are eliminated and this is one of the oldest churches in Montreal.

On the west side of Mountain street, we see St. Ann's church, while the residents on the east side of the same street are included in another constituency. This is why I request that the Windsor street line from north to south be drawn as far as Wellington street instead of Notre Dame street.

The Acting Speaker (Mr. Rinfret): Order. At the present time, we are completing the remarks on an objection concerning the Saint-Henri constituency.

The house having considered this objection, it is the Speaker's duty, pursuant to section 20 of the Electoral Boundaries Readjustment Act, to refer the report of the Boundaries Commission together with a copy of the objection and also a copy of the debates of the house back to the commission for consideration thereof.

We must now proceed with consideration of objection No. 22 appearing on page 37 of the pamphlet concerning the electoral constituency of Maisonneuve.

Proposed Electoral District of Maisonneuve:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964-65), consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966 for the reasons hereinafter specified:

1. That the commission proposed boundaries which will give rise to administrative problems due to all these detours, thus making it more difficult to contact constituents located near the said boundaries.

2. That it is possible to have straighter limits while abiding by the criterion of 25 per cent, more or less.

3. That the 1961 census showed for Maisonneuve a population of 76,479 and for Hochelaga, adjacent constituency to the west, 76,765.

4. That, in spite of this slight difference for Hochelaga, this constituency had only 222 polls (about 46,000 electors), while Maisonneuve had 305 (1965 Election) for 66,100 electors.

5. That consideration be given by the commission or by the house to the minor suggestion that the limits between the constituencies of Maisonneuve, Hochelaga, Lafontaine, St-Michel and Gamelin may be made straighter while adhering to prescribed standards.

[Mr. Loiselle.]

6. That any other objection of the undersigned members may be considered valid under the provisions of the said Act.

Dated this 18th day of February in the year of the Lord 1966, at the House of Commons, Ottawa, Canada.

Mr. Antonio Thomas (Maisonneuve-Rosemont): Mr. Speaker, pursuant to section 20 of the Electoral Boundaries Readjustment Act, I registered an objection to the report of the Electoral Boundaries Commission for the riding of Maisonneuve-Rosemont.

This objection is neither against the necessity of new constituencies nor against the population quotient established in order to proceed to a readjustment of boundaries. On the contrary, I realize the merits of this project. Its main object is to ensure more equitable representation of urban ridings.

However, in the light of my experience of more than 35 years as an organizer of electoral compaigns, I want to point out certain topographic anomalies. These may have very little importance for the layman but they give rise to serious problems for the electoral officers as well as for the voters.

The points on which I formulated an objection take into account the homogeneity of the population with regard to its needs, as well as the urban character of that same population with regard to the boundaries of the neighbouring municipalities.

I noticed that the proposed new boundaries for my riding are made of turns and curves which complicate needlessly the electoral organization and the identification of the riding by the elector. And when I speak of curves, Mr. Speaker, I am not thinking of the feminine curves which caused such a stir in the house not so long ago.

It seems to me that the main consideration which presided over the redistribution of the ridings is the population figure at the time of the 1961 census. Well, that is not a valid criteria because the above mentioned census gave for the riding of Hochelaga, the riding next to mine on the west, 76,765 people in 1961, including 46,000 electors divided in 222 polls at the time of the last elections, whereas in my riding it was set at 76,479 people in 1961 including 66,100 electors in 1965 divided in 305 polls.

Therefore, Hochelaga had 286 people more but 20,000 electors less in 1965. If I submit that the population criteria is not valid it is because the percentage of electors in proportion to the population is not the same, as I have just shown with regard to two neighbouring ridings.

Allow me, Mr. Speaker, to give you the most important factors I noted when the bill which concerns us at this time was considered.

First, the number of electors by riding, which I just gave as an example proving that it is inaccurate.

Second, an abnormal situation which already existed and was not corrected. As a matter of fact, at the north end of my riding, according to the new boundaries, there are some 250 families along the limits of the city of Montreal. Well, the proposed riding of St. Michel includes only the populations of the cities of St. Michel and of St. Léonard, excluding those along the limits of the city of Montreal, between the middle of Belanger street and the southern boundaries of the cities of St. Michel and St. Léonard.

There are about 250 families living in that area, that is in my riding, separated from their fellow citizens; they have the same demographic and geographic problems as in the rest of my riding, although they are isolated in a riding made up of two great identical entities. I would have thought that such discrepancies would have been corrected through setting of the present boundaries.

A third and last point to which I want to call your attention is that the new boundaries, are highly fanciful; their weird shapes, their scallops, could easily compete with the eccentric creations of fashion designers. It is hard enough already to organize an election, as much for the electoral officers as the political parties, without complicating it by boundaries which have no practical value. To the two groups I have just mentioned can be added also the electors for whom we make it enormously complicated to identify their riding.

• (4:40 p.m.)

I will spare you, Mr. Speaker the details of a new readjustment. However, I have read the bill submitted to the house and I think it can be amended according to the basis I have indicated; in short, it would provide

(a) a better identification of the number of voters

(b) a redistribution according to population, taking into account the 25 per cent tolerance factor and

(c) a less fantastic geographic boundary.

In conclusion, I would like to say that I am not asking for any special favour which would help me to get re-elected, but for boundaries which would help me to serve better.

The Acting Speaker (Mr. Rinfret): The remarks of the hon. member for Maisonneuve-Rosemont (Mr. Thomas) bring to a close the debate on objection No. 22. The house will now consider the following recommendation:

That, the house having considered this objection, it is my duty, pursuant to section 20 of the Electoral Boundaries Readjustment Act, to refer the report of the Boundaries Commission, together with a copy of the objection and also a copy of the debates of the house back to the Commission for consideration thereof.

The house will now resume consideration of objection No. 26—

An hon. Member: No. 25.

The Acting Speaker (Mr. Rinfret): No. 25, on pages 41, 42, 43 and 44 of the document—

An hon. Member: On page 40.

The Acting Speaker (Mr. Rinfret): On page 40, concerning Rimouski county.

On February 18, 1966, notice of objection, in the form of a motion, was submitted to the Speaker in the following terms:

Proposed Electoral District of Rimouski:

That, in accordance with Section 20 of the Electoral Boundaries Readjustment Act (chapter 31, Statutes of Canada 1964-65), this house should consider the matter of the objections to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by the Speaker on January 19, 1966, for the reasons hereinafter stated:

That Rimouski constituency, for social and economic reasons, continue to comprise

(a) the town of Trois-Pistoles;

(b) in Rimouski county, the municipalities of the parishes of Saint-Eugène-de-Ladrière, Saint-Fabien, Saint-Mathieu-de-Rioux, Saint-Simon, Saint-Valérien and Trinité-des-Monts; the municipalities of Biencourt, Lac-des-Aigles, Saint-Guy and Saint-Médard; the territory having no local municipal government, the northeastern boundary of which is the extension of the demarcation line between the townships of Flynn and Varin as far as the southern boundary of Rimouski county.

Mr. Duquet: As mover of this objection, in view of the absence of the member of Rimouski (Mr. LeBlanc), I should like to give the necessary explanations to justify this objection.

To those who are familiar with the Lower St. Lawrence, there are two main regions or rather, three main regions: the Gaspé-Peninsula, Rimouski and Rivière-du-Loup.

Now, since new boundaries have been suggested by the members of the Commission, it

is obvious that the proposed riding, as now set up, will remove from the Rimouski riding many parishes which should remain in it. In the Lower St. Lawrence and Rimouski region, the people have grown used to moving, economically and socially, depending on where they live, toward the towns of Rivière-du-Loup or Rimouski.

All the parishes, as well as the town of Trois-Pistoles, mentioned in the objection filed by the member for Rimouski, do business directly with the Rimouski area. Their removal from the area and the Rimouski riding, to join them with another riding would upset completely the topography of the area. This could be detrimental to its particular activities and this is why this objection has been filed by the persons concerned so that the parishes mentioned in the notice of objection remain in the Rimouski area and riding.

I trust that the commissioners will take into consideration the special situation and circumstances prevailing in this area and that this objection will be given the consideration it deserves.

The Acting Speaker (Mr. Rinfret): The hon. member's remarks conclude the consideration of objection No. 25, concerning the electoral riding of Rimouski. Now that the house has studied the objection, it is my duty according to the act, to send back the report to the elections boundary commission with a copy of the objection and a copy of the debates of the house, so that it may reconsider the matter. We will now continue our consideration of objection No. 26 appearing on pages 41, 42, 43 and 44 of the pamphlet.

Proposed Electoral Districts of Beauharnois, Chambly, Laprairie, Longueuil and St. Jean:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (chapter 31, statutes of Canada 1964-65), and for the reasons hereinafter specified, consideration be given by this house to the matter of an objection to the provisions of the report of the electoral boundaries commission for the province of Quebec, laid before this house by Mr. Speaker, on Wednesday, January 19, 1966.

Whereas the town of St. Lambert of the riding of Longueuil has filed an objection before the commission to being included in the proposed constituency of Laprairie, because it shares a larger community of interests with the constituency of Longueuil.

Whereas the cities of Châteauguay, Châteauguay Center and Châteauguay Heights of the riding of Beauharnois-Salaberry have filed an objection before the commission to being included in the proposed constituency of Laprairie, because it shares a larger community of interests with the constituency of Beauharnois.

[Mr. Duquet.]

Whereas the municipalities of St. Philomene, St. Urbain, St. Clothilde, St. Chrysostome, County of Châteauguay; the townships of Havelock and Hemmingford, the village of Hemmingford, county of Huntingdon; the village of Lacolle, Notre-Dame-du-Mont-Carmel, county of St. Jean, have filed an objection before the commission to being included in the proposed constituency of St. Jean, because they share a larger community of interests with the other municipalities of the counties of Châteauguay, Huntingdon and Laprairie.

Whereas the municipalities of St. Martine, St-Paul-de-Châteauguay, Howick, Très-St-Sacrement de Howick, Ormstown, St. Malachie d'Ormstown, St. Antoine Abbé, county of Châteauguay; the townships of Elgin, Franklin, Hinchinbrook, Godmanchester, the town of Huntingdon, Huntingdon county, have filed an objection before the commission to being included in the proposed constituency of Beauharnois, because they share a greater community of interests with the other municipalities of the counties of Châteauguay, Huntingdon and Laprairie.

Whereas the geographical factor of the five proposed ridings of Beauharnois, Chambly, Laprairie, Longueuil and St. Jean, situated between the St. Lawrence river, the Richelieu river and the United States border, allows a distribution of the electoral district boundaries without prejudice to the interests of the other ridings.

Whereas the population standards, established by the Electoral Boundaries Readjustment Act (13—Elizabeth II—chapter 31) allows a slight change to be made in the boundaries of the ridings of Beauharnois-Salaberry, Châteauguay-Huntingdon-Laprairie, Chambly-Rouville, Longueuil, St.Jean-Iberville-Napierville.

Whereas the commission has not taken into account the objections, suggestions and the alternative plan proposed by the above-mentioned municipalities.

Whereas the readjustment of the boundaries of the ridings of Beauharnois, Chambly, Laprairie, Longueuil and St. Jean, as proposed by the commission, is, according to the representations of the 25 above-mentioned municipalities, against the interests of the population of the area.

And whereas the municipalities in the present electoral districts of Châteauguay-Huntingdon-Laprairie and of Beauharnois-Salaberry have objected to the disappearance of the historical names of Salaberry, Châteauguay and Huntingdon.

It is proposed:

(a) that the commission should take into consideration the arguments and suggestions of the above-mentioned municipalities and carry on its mandate according to section 13, paragraph C (i) and (ii) of the Electoral Boundaries Readjustment Act.

(b) that the boundary readjustment of the proposed electoral district of Beauharnois be revised in accordance with the present boundary of the electoral district of Beauharnois-Salaberry, and that the proposed name of Beauharnois be changed to that of Beauharnois-Salaberry. (See annex A).

(c) that the boundaries of the proposed electoral district of Laprairie be revised to conform to the present boundaries of the existing district of Châteauguay-Huntingdon-Laprairie, that is to say, by including all the municipalities of Châteauguay-Huntingdon-Laprairie and by excluding the towns of Châteauguay, Châteauguay Centre, Châteauguay Heights, Lemoyne, Lery and St-Lambert from the proposed riding of Laprairie, and by adding to the

existing district of Châteauguay-Huntingdon-Laprairie the towns of Greenfield Park and Préville, and that the proposed name of Laprairie be replaced by that of Châteauguay-Huntingdon-Laprairie. (See annex B).

(d) that the boundaries of the proposed district of Chambly be revised by excluding, in Laprairie county, the municipality of Notre-Dame-du-Sacré-Cœur; in Chambly county, the city of Chambly and the municipality of the parish of St-Joseph-de-Chambly; in Rouville county, the municipality of the village of Richelieu, the municipalities of the parishes of Notre-Dame-de-Bon-Secours and St-Mathias; and by adding the towns of Lemoyne and Laflèche. (See annex C).

(e) that the boundaries of the proposed district of Longueuil be revised by excluding the town of Laflèche and by adding the town of St-Lambert. (See annex D).

(f) that the boundaries of the proposed district of St-Jean be revised by excluding, in Châteauguay county, the town of Ste-Philomène, the municipality of the village of St. Chrysostome and the municipalities of the parishes of St-Urbain, Ste-Clothilde, St-Jean-Chrysostome; in Huntingdon county, the municipality of the village of Hemmingford and the municipalities of the townships of Hemmingford and Havelock; in St-Jean county, the municipality of the village of Lacolle and the municipalities of the parishes of Notre-Dame-du-Mont-Carmel (Cantic), St-Bernard-de-Lacolle; in Laprairie county, the municipalities of the parishes of St-Isidore, St-Philippe, St-Mathieu; and by adding, in Chambly county, the city of Chambly and the municipality of the parish of Chambly; in Rouville county, the municipality of the village of Richelieu and the municipalities of the parishes of Notre-Dame-de-Bon-Secours and St-Mathias. (See annex E).

(g) that the commission give consideration to the human factors involved and to the varied communities of interests, as detailed in the memorandum submitted to the commission by the said municipalities at the public hearings;

(h) that no valid reasons justify drastic changes in the boundaries of the existing districts, and, in order that changes be reduced to a minimum, that the commission should accept the suggestions contained in the said alternative proposals submitted to it, or in the modified proposals hereby submitted.

ANNEX A

Municipalities included in the revised constituency of Beauharnois-Salaberry.

Beauharnois-Salaberry:

(a) The cities of Beauharnois and Salaberry-de-Valleyfield.

(b) The towns of Maple Grove, Châteauguay, Châteauguay Centre, Châteauguay Heights and Lery.

(c) Beauharnois county.

(d) The municipalities of the parishes of Sainte-Barbe and Saint-Anicet in Huntingdon county.

POPULATION: 70,191

ANNEX B

Municipalities included in the revised constituency of Châteauguay-Huntingdon-Laprairie.

Châteauguay-Huntingdon-Laprairie:

(a) The townships of Huntingdon, Brossard, Candiac, Delson, Laprairie, Greenfield Park and Préville.

(b) Châteauguay county.

(c) In Huntingdon county: municipalities of the parishes of Dundee, Elgin, Franklin, Godmanchester, Havelock, Hemmingford, Hinchinbrook; the municipality of the village of Hemmingford and the St-Régis Indian reservation;

(d) In Laprairie county: municipalities of the parishes of Ste-Catherine d'Alexandrie-de-Laprairie, St. Constant, St-Isidore, St. Mathieu, St-Philippe and the Caughnawaga Indian reservation, No. 14;

(e) In St. Jean county: municipalities of the parishes of Notre-Dame-du-Mont-Carmel and St. Bernard-de-Lacolle and the municipality of the village of Lacolle.

POPULATION: 70,537

ANNEX C

Municipalities included in the revised district of Chambly.

Chambly:

(a) The towns of Beloeil, Boucherville, Laflèche, Lemoyne, St-Bruno-de-Montarville and St-Hubert;

(b) the county of Verchères;

(c) in the county of Richelieu: the municipality of Saint-Roch de Richelieu parish;

(d) in the county of Chambly: the municipalities of Ste-Famille-de-Boucherville and St-Basile-le-Grand parishes.

POPULATION: 72,058

ANNEX D

Municipalities included in the revised district of Longueuil.

Longueuil:

(a) The city of Jacques-Cartier;

(b) the towns of St-Lambert, Longueuil and the area in the town of Préville which is surrounded to the north, south and west by the city of St-Lambert and to the west by the town of Greenfield Park.

POPULATION: 79,469

ANNEX E

Municipalities included in the revised district of S-Jean.

St-Jean:

(a) The cities of St-Jean and Chambly;

(b) the town of Iberville;

(c) in the county of St-Jean: the municipalities of Lacadie, St-Blaise, St. Jean-l'Évangéliste, St-Luc, St-Paul-de-l'Île-aux-Noix and St. Valentin parishes;

(d) the county of Napierville;

(e) in the county of Rouville: the municipality of Richelieu village and the municipalities of Notre-Dame-de-Bon-Secours and St. Mathias parishes;

(f) in the county of Chambly: the municipality of St-Joseph-de-Chambly parish;

(g) in the county of Laprairie: the municipality of St. Jacques-le-Mineur parish.

POPULATION: 66,297

Mr. Paul Beaulieu (St. Jean-Iberville-Napierville): As member for the riding of Saint-Jean, I make the following objections from the riding of Saint-Jean and from the representatives of municipalities, of

school boards and all parishes in the riding of Saint-Jean-Iberville-Napierville, which comprised the former riding which becomes the riding of Saint-Jean. All object to the withdrawal of all the parishes of the riding of Iberville, except the town of Iberville.

We have no objection, and all those who met to consider this boundary readjustment do not object to the addition of all centres: Napierville, Chateauguay and Laprairie.

However, we have serious objection to the fact that in the riding of Iberville, only the town of Iberville will be included in the riding of Saint-Jean.

There are there six parishes, the farthest being merely 10 miles from the town of Saint-Jean, and there is added to the constituency of Saint-Jean some parishes that are as far away as 40 to 45 miles.

Under these circumstances, we respectfully request that the commission give consideration to maintaining within the boundaries of Saint-Jean constituency, all the parishes that it contains at the present time.

The Acting Speaker (Mr. Rinfret): The remarks of the hon. member conclude consideration of objection No. 26 concerning the municipalities of Beauharnois, Chambly, Laprairie, Longueuil and Saint-Jean.

Now that the house has discussed the objection, it is my duty, according to the act, to send back the report to the elections boundary commission, with a copy of the objection and a copy of the House of Commons Debates, so that it may reconsider the matter.

We have concluded consideration of the objections that have been submitted in respect of the boundaries of some constituencies in the Province of Quebec and we shall proceed with consideration of objections dealing with Prince Edward Island's constituencies.

• (4:50 p.m.)

[*English*]

Mr. Drury: Mr. Speaker, I wish to offer a suggestion to which I think the house might give unanimous consent. We have a speaker to the objection formulated in respect of the constituency of Trois-Rivières. While it was agreed that this objection should stand until the end of the proceedings, perhaps we might reconsider that decision and as there is in the chamber a speaker to the objection in relation to Trois-Rivières he might be allowed to speak now.

Mr. Starr: We have no objection to that, Mr. Speaker, if he is here now. With regard to any of the objections that were stood, if the hon. members are here now I think we should hear them.

The Acting Speaker (Mr. Rinfret): Does the house agree to hear the hon. member in respect of the objection in relation to the constituency of Trois-Rivières?

Some hon. Members: Agreed.

[*Translation*]

The Acting Speaker (Mr. Rinfret): Objection No. 3 concerning the constituency of Trois-Rivières.

Proposed Electoral District of Trois-Rivières:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964-65), consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966, on the grounds set forth hereafter:

Objections to the new boundaries of the constituency of Trois-Rivières:

The petition is filed in order that the town of Trois-Rivières-Ouest may continue to be a part of the federal constituency of Trois-Rivières for the following reasons:

(a) the town of Trois-Rivières-Ouest is a part of the physical and demographic entity of greater Trois-Rivières;

(b) its problems at all levels are, for all practical purposes, identical with those of Trois-Rivières;

(c) pursuant to the policy of the provincial Department of Municipal Affairs, Trois-Rivières-Ouest will soon have to merge with the city of Trois-Rivières;

(d) the municipal council of Trois-Rivières-Ouest has filed a formal petition for the purpose of remaining within the federal constituency of Trois-Rivières.

Mr. Duquet: Mr. Speaker, with regard to this objection, I think the member for Trois-Rivières (Mr. Mongrain) would like certain explanations to be given.

It is simply a question of making the members of the Commission understand that the part of Trois-Rivières called Trois-Rivières-Ouest, which the new boundaries readjustment has removed from the riding of Trois-Rivières, should for major reasons remain in that riding, since Trois-Rivières-Ouest is to be annexed by the Quebec government to the city of Trois-Rivières itself.

Practically speaking, the problems of Trois-Rivières-Ouest are the same as those of Trois-Rivières. Trois-Rivières-Ouest is soon to be made part of the city of Trois-Rivières. The municipal council of Trois-Rivières-Ouest has even formally requested to remain in the riding of Trois-Rivières-Ouest remain in the riding of situation if tomorrow Trois-Ri-

vières-Ouest were outside of the Town of Trois-Rivières even while annexed to it and, likewise, if Trois-Rivières-Ouest were outside of the territorial boundaries of the city of Trois-Rivières.

I believe these objections should be submitted to the Electoral Boundaries Commission and I think consideration will be given to the request of the member for Trois-Rivières that Trois-Rivières-Ouest remain in the riding of Trois-Rivières as suggested by the members of the municipal commission.

The Acting Speaker (Mr. Rinfret): The comments of the hon. member close the study of objection no. 3 concerning the electoral riding of Trois-Rivières.

The house having considered this objection, it is my duty, in accordance with the Act to refer the report of the Boundaries Commission together with a copy of the objection and also a copy of the debates of the house back to the commission for reconsideration thereof.

I am informed that the hon. member for Saguenay (Mr. Blouin) wishes to raise at this time against objection No. 8 which appears on page 18 of your booklet.

Proposed Electoral District Côte Nord:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (Chapter 31, Statutes of Canada 1964- 1965 and for the reasons hereinafter specified, consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Quebec, laid before this house by Mr. Speaker on Wednesday, January 19, 1966.

(1) Meaning of the present name of the Electoral District of Saguenay. It is a misleading name, which may be confused with the area of Chicoutimi and Lake St. Jean.

(2) Recommendation is made that the name Côte Nord proposed by the commission be replaced by that of Manicouagan.

Mr. Gustave Blouin (Saguenay): Mr. Speaker, on February 11, I submitted objections when the Electoral Boundaries Commission suggested to replace the name of Côte Nord by that of Saguenay.

I suggested later that the present name of Saguenay is confusing, in that the Saguenay area is often referred to at the same time as Chicoutimi and Lake St. John. For instance, people talk about the development of the Saguenay, the Saguenay area. I know my hon. friend, the member for Lapointe— he is not at his seat right now—takes pleasure in referring to the Saguenay area and there is always confusion as between that and the riding of Saguenay I have the honour to represent.

Therefore, following several resolutions from Chambers of commerce, municipal councils and other public organizations in my constituency, I had suggested the name of Manicouagan. The suggestion I am making at this time to the commission concerning the name Manicouagan, to replace that of Côte-Nord as proposed, is a lot more up to date. The name Manicouagan is known all over the world and is famous for the tremendous work now being carried out there.

I believe Manicouagan is the right name for the new constituency instead of Saguenay. While expressing the opinion of the Chambers of Commerce, municipal councils and other bodies in my constituency, once more, Mr. Speaker, I put forward the name of Manicouagan.

The Acting Speaker (Mr. Rinfret): The remarks of the hon. member for Saguenay close consideration of objection No. 8, and I should report accordingly.

The house having considered this objection, it is my duty, pursuant to section 20 of the Electoral Boundaries Readjustment Act, to refer the report of the Boundaries Commission, together with a copy of the objection and also a copy of *Hansard*, for further consideration.

• (5:00 p.m.)

[*English*]

This terminates the objections related to the constituencies of the province of Quebec for today. It was understood earlier that if some time remains after the objections have been heard, the remaining objections will be submitted at that time. We will now proceed to the question . . .

Mr. Valade: On a point of order, Mr. Speaker.

[*Translation*]

I should like to clear up a situation, Mr. Speaker, to the effect that consideration of all the objections dealing with the province of Quebec is not necessarily concluded, for there remain two general objections in the order of filing of objections Nos. 18 and 21 which must be considered later.

The Acting Speaker (Mr. Rinfret): The hon. member for Sainte-Marie is right. We have considered the specific cases and we will later take up general considerations.

[*English*]

We will now proceed to a consideration of Objection No. 5 concerning Prince Edward

Island. You will find this on page 6 of your pamphlet. On February 10, last, a notice of objection in the form of a motion was filed with Mr. Speaker in the following terms, namely:

Proposed Electoral District of the Province of Prince Edward Island:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (chapter 31, S.C. 1964-65) and for the reasons hereinafter specified, consideration be given by this house to the matter of an objection to the following provisions of the report of the Electoral Boundaries Commission for the province of Prince Edward Island, laid before the house by Mr. Speaker on Wednesday, January 19th, 1966.

The objections to the provisions of the said Report are as follows:

1. In dividing the province of Prince Edward Island into four constituencies, to which it is entitled, the commission obviously failed to give consideration to the relative rate of growth of the population of the Said Districts.

2. The commission failed to take into consideration that the boundaries of the electoral districts as they existed prior to redistribution were in accordance with the common interests of the people living therein, and thereby made it possible to have adequate representaation in the parliament of Canada.

3. In assigning names to the districts, the commission failed to select names with sufficient significant application to the areas which they are intended to designate.

4. That in failing to retain the dual riding of Queens the commission aggravated the "relative rate of growth" problem and disrupted a long established and quite satisfactory pattern of representation.

5. And such other objections that the undersigned members may deem necessary to carry out the spirit and terms and conditions of the Act in question.

Hon. J. A. MacLean (Queens): Mr. Speaker, in speaking on behalf of myself and my colleagues who filed objections to the proposed electoral districts for the province of Prince Edward Island, I wish to explain briefly, and as clearly as I can, for the benefit of the commission and the members of the house, the basis of our objections. Our first objection is as follows: that in dividing the province of Prince Edward Island into four constituencies, to which it is entitled, the commission obviously failed to give consideration to the relative rate of growth of the population of the said districts.

I should like to point out, Mr. Speaker, that Prince Edward Island is almost unique as compared with other provinces, with the exception of New Brunswick, with regard to redistribution because, as a result of amendments to the British North America Act in 1915, we are permitted a minimum of four members. For this reason the electoral quota for Prince Edward Island is much lower than that of most provinces. Since it is highly unlikely that the increase in population in Prince Edward Island will ever be rapid enough to entitle the province to more than four seats, it follows that the problem of adding to or subtracting from the present number of seats will almost certainly never arise in the foreseeable future.

The problem of the Prince Edward Island commission was obviously one of dividing the present population into the four constituencies taking into account, of course, the probable shifts of population concentration within the province in the near future. There will be no question of having to add additional seats or subtract seats in future redistributions, so that this problem does not arise. Since the tolerances allowed in the act were not great enough to allow the county boundaries to be retained as constituency boundaries, it would then appear obvious that the objective of the commission should be to have four constituencies as close to the electoral quota as is practical or if there were to be a variation in the population of the constituencies it should have been in such a way that the constituencies with the greatest growth should have been smaller than the electoral quota, and those with a relative shrinking population should have been above the electoral quota so that the passage of time would cause the population of the constituencies to approach the quota rather than diverge from it.

Surely the objective of the commission should have been a redistribution which would satisfy the requirements of the act for as long a period as possible, without the necessity of additional redistributions after every census. But what is the situation we find in the proposed electoral districts? There are two main centres of growth in Prince Edward Island, namely Charlottetown and suburbs, and Summerside and the surrounding districts. Prince Edward Island is not immune from the national trend of the diminution of the rural population and an increase in the urban population. However, we find the proposed constituency of Hillsborough, with a population in 1961 of only about 2,600 below the maximum allowable, is the constituency which contains the growing city of Charlottetown and practically all its suburbs. I would venture to guess that the population of this proposed constituency is now very close to, if not over, the maximum allowable. Almost certainly it will have to be

[The Acting Speaker (Mr. Rinfret).]

reduced in size at an early redistribution, probably after the next census.

The same situation occurs in the proposed constituency of Egmont, which is about 3,000 below the maximum allowable and contains the rapidly growing town of Summerside. It follows, of course, that the proposed constituencies of Cardigan and Malpeque are well below the electoral quota for the province. We contend that in order for this redistribution to last for a reasonable period of years, the population of the constituencies should be as close to the electoral quota as possible. If they depart from it, then those constituencies with the greatest growth potential should be below the quota.

• (5:10 p.m.)

Our second objection was that the commission failed to take into consideration the fact that the boundaries of the electoral districts as they existed prior to redistribution were in accordance with the common interests of the people living therein, thereby making it possible to have adequate representation in the parliament of Canada.

I should like to point out, Mr. Speaker, that ever since confederation the constituency boundaries of Prince Edward Island have coincided with the county boundaries, with the exception of a short period around the turn of the century. Much of the administration of the activities of the federal government in Prince Edward Island is organized by counties. The National Employment Service and the federal Department of Public Works are two examples, and I am sure there are many others. There are many governmental organizations, and non-governmental organizations as well, that are organized by counties and thereby coincide with the boundaries of federal constituencies.

On examining the proposed federal electoral districts I am at a loss to think of a single community of interest that coincides with the boundaries of any of them. The community of interest criterion has little or no application to the proposed districts. While it is recognized that county boundaries could not be retained under the terms of the act, it is believed that some partial satisfaction of the community of interest principle could have been achieved.

Our third objection was that in assigning names to the districts the commission failed to select names with sufficient significant application to the areas which they are intended to designate. The names appear to have been taken from four bays along the shoreline of Prince Edward Island. None of them has any general application to the districts to which they are attached. As a matter of fact, the greater part of Malpeque bay lies in the proposed district of Egmont, whilst Hillsborough bay is surrounded, not by the proposed constituency of Hillsborough, but by the constituencies of Cardigan and Malpeque.

In a brief presented to the commission other carefully thought out suggestions have been made, and I should like to cite some of them. It was suggested that historical Indian names might have a more apt application to the proposed new constituencies. It was formally proposed to the commission that the names they suggest be replaced by four Indian names—Malpeque, Bedeque, Tracadie and Pisquid.

It was further suggested that the names should be those of personages who have had a very special claim to fame in the history of our province, and the names suggested, reading from east to west, were those of Whelan, who was one of the Fathers of Confederation, MacDonald, Holland and Gallant. I am not going to go into the reasons cited for claiming that these would be more suitable names. In any case none of these suggestions found sufficient favour with the commissioners for them to change their original suggestions.

Therefore, Mr. Speaker, under the circumstances I would strongly recommend that the commission reconsider the naming of the constituencies and revert to variations of the present names, which have been used continuously since confederation. I should mention the exception, that when Prince Edward Island had five seats there were slight variations in these names of Kings, Queens and Prince, used to designate those five ridings. I believe that this could again be done.

Our fourth objection, Mr. Speaker, was that in failing to retain the dual riding of Queens the commission aggravated the relative rate of growth problem and disrupted the long-established and quite satisfactory pattern of representation. I feel that the commissioners, or the ones who are natives of Prince Edward Island, would probably have had some considerable hesitation departing from this old historic custom of having the dual constituency of Queens. They may have been overawed by the bureaucratic administrative mind which looks upon people as so many ciphers to be put into neat bundles, with even less regard for the traditions and

feelings of these people than the sorter would have in the average stockyard for sheep.

This is an old tradition. There has been a dual constituency in Prince Edward Island ever since confederation, with the exception of this same short period at the turn of the century when there were five single ridings in the province. Dual ridings in the maritimes have a special application. In the maritime province of Prince Edward Island all of the provincial constituencies represented in the provincial legislature are dual constituencies. People are accustomed to voting for two members. The same is true with variations in both Nova Scotia and in New Brunswick.

I do not see any great difficulty in retaining the dual riding, but I do see a number of advantages in so doing. By retaining the dual riding, and making the proposed constituencies of Malpeque and Hillsborough one, you would retain not only the dual riding but the historic constituency of Queens. The boundaries would not coincide with the county boundaries precisely, but they would approximately, and the constituency would still contain the city of Charlottetown, which has been historically the centre of that dual constituency.

At the same time, it would also automatically solve the problem of the variation in the population of the constituencies about which I have spoken under the title of an earlier objection. It would go a long way toward solving that problem anyway. There would still perhaps be some other adjustments which would have to be made, but it would solve the greatest problem. It would also partially solve the problem of names, because if the dual riding were retained the name of Queens would be the most acceptable, it being the present name.

I am in a slightly difficult position, Mr. Speaker. I have made suggestions which would meet the objections which we have made, but I have no means of knowing whether any or all of them, or none of them, will be acceptable to the commission. Therefore I have to hedge a bit by suggesting alternative improvements if the improvements I have already enumerated are not accepted.

• (5:20 p.m.)

I turn now to the fifth paragraph under our general objection, which refers to other objections that the undersigned members may have. I object, Mr. Speaker, to the approach of the commission in dividing the eastern half of Prince Edward Island into two constituencies. My objection is to the way that the division was made. While it is true that here you are just west of the city of Charlottetown, and that the division would divide the population of Charlottetown approximately equally into two halves, it does not follow that the methods used by the commission in dividing this eastern half of the population into two constituencies is the most logical one. It would appear that the commission attempted to make a predominantly urban riding and a predominantly rural one. However, they did not succeed in their attempt, because the urban area by itself was not sufficient to constitute a constituency. Therefore, some rural area was added to it.

I should like to point out that the city of Charlottetown is not an urban area in the sense that we think of an urban area, or of an urban constituency which is in the heart of some large highly industrialized metropolitan area which has a community of interest entirely disconnected with that of the surrounding countryside. I should be the first to agree that there is a minimum community of interest between the people of downtown Toronto and those living 40 or 50 miles away in the countryside.

That is not so in the city of Charlottetown. Our province is one whose industries are all primary. Our main industries are agriculture, fishing, and of course the tourist industry. Charlottetown is the administrative and servicing centre, and is also the social and cultural centre for a large rural area. Although it is an urban area, it has a close community of interest with the surrounding countryside this area being chiefly composed of Queens county and Kings county.

I suggest, Mr. Speaker, that a more logical division of the eastern part of Prince Edward Island which has been divided into the constituencies of Cardigan and Hillsborough, could have been made. It could have been divided in a different way. That is one possible solution. It should be remembered that the city of Charlottetown has recently been divided into two provincial ridings, one of them being the eastern part of Charlottetown and suburbs, the other the western half and suburbs. I believe it would have been far more logical to have taken one of these provincial constituencies. What could have been taken is the western part of the city, and that part of Queens county lying south of the Hillsborough river, plus the required number of census divisions which, in Prince

Edward Island, are the lots, in the southern part of Kings county. One constituency could have been made of that.

All those persons in the areas I have mentioned have a community of interest radiating from the service centre, which is the city of Charlottetown. The remainder of Kings county and the remainder of what is now suggested should be the constituency of Hillsborough would of course be in another constituency. With the division I have suggested, I think the community of interest principle would be satisfied to a much greater extent than under the present designations.

Before I sit down, may I make one final point, Mr. Speaker. From a practical point of view, to encourage the interest of the public in the government of its country, both federally and provincially, I think it is desirable that unnecessary complications should not be introduced into the electoral system. With the exception of something what happened at the turn of the century, during the last 60 years there has been no instance in Prince Edward Island where a provincial constituency lay partly in one federal constituency and partly in another.

No attention apparently has been paid, in this redistribution, to where the boundaries of federal constituencies are relative to the boundaries of the provincial constituencies. In several cases, proposed federal boundaries go smack through the middle of a provincial constituency, there being no relationship at all between them.

This is something that I think ought to be considered. In several cases which have already been presented to the commission, by making a very minor change and following the division line between provincial constituencies a more logical division between proposed federal constituencies would have been arrived at. Then we would have had constituencies with a population nearer the desired quota than we have in the present suggestion.

Having summarized these things as briefly as I can, Mr. Speaker, I conclude my remarks.

• (5:30 p.m.)

Mr. David MacDonald (Prince): Mr. Speaker, I should like to speak in support of my colleague the hon. member for Queens (Mr. MacLean), and make some additional comments in support of the many which he has already made about redistribution as it affects Prince Edward Island. In doing so I should first of all like to deal with something that is not actually in the report but which pertains I think to the whole spirit, shall I call it, and problem of redistribution.

It is interesting to note on this occasion that when redistribution was brought before us and made an issue in this house, it was decided that that redistribution should be carried out by an independent commission. In many ways I think this was a good concept, although I am not competent to deal in detail with the many supplementary issues. One of the disturbing things about the many reports that will come before us during the next few days will be the fact that, in general, the commission in many instances failed to take into account the particular communities of interest that existed in many different parts of the country.

This most assuredly is true when it pertains to Prince Edward Island because I think, in light of the suggested boundaries being drawn in that tiny province, it is an indication of recognizing only certain factors, almost all of which are tied to population, and not looking closely at other factors that relate to communities, and community of interest, which are of great importance to the people of P.E.I.

This can be readily realized in the fact that for many, many years it has been the custom of the people of P.E.I. to accept the fact of a dual riding for Queens, and a single riding for Prince and Kings. With the disruption of a dual riding it has fixed the commission with trying to establish a new community of interest, and in an agrarian area like P.E.I. this is a most difficult task to achieve. I remember from my own church experience, when we were trying to amalgamate congregations into larger groups, it was always difficult to evaluate all the factors that come into play in establishing a closely knit community.

The commission was not overly aided by the interest and concern of the people of P.E.I. because, according to the report, only three private briefs were presented to it. Why should this be? Surely redistribution is an important matter. But I think in the minds of many people in P.E.I. they saw this as something affecting the rest of Canada and not their province. After all, we have had redistribution come and go in the rest of the country, but it has left inviolate the constituencies of Prince, Queens and Kings.

Now, for the first time in 50 years, we have seen a disruption of this principle, and I think if the commission were to meet again

in P.E.I. to call for reaction to the proposals it has presented, and conduct its hearings so that many people could take part in them, it would discover there was great reaction against arbitrarily establishing four ridings which in no way bear relationship to the three now in existence.

Just to give one example that to my mind seems to run contrary to a community of interest, it is that under the proposed redistribution part of the suburban territory directly west of Summerside is now in the eastern riding, and in effect the representative who will come from the western Egmont riding will be hopping over the other riding which intervenes. It certainly does not establish any kind of homogeneity and community of interest.

Another fact which has disturbed me is one already mentioned by my colleague, that now we are to have two large constituencies, Egmont with a population of 29,672 and Hillsborough with a population of 30,050, while Cardigan will have a population of 23,081, and Malpeque a population of 21,826. I would suggest there is greater discrepancy in the population of these constituencies than has existed previously because in the present situation we have two ridings that are somewhat similar in size, and a third smaller one.

What is even more disturbing, to me at least, is the realization that the proposed new two larger constituencies are the main centres of growth and, if the discrepancy is great according to the figures now before us in 1966, what will it look like for a future federal election, whether it comes in 1967, 1968, 1969, 1970 or 1971? I can but say that I think if there was need to create any constituencies, which in the case of P.E.I. I very much doubt, it should have been done on a much more equitable basis than we have before us in this report.

Then there is the matter of names. I suppose a name is about as subjective a thing as anyone can put forward. We all have certain ideas about what names should be, and I know there is certain geographical validity, although it can be argued both ways, that the names suggested—Cardigan, Egmont, Hillsborough and Malpeque—are significant for these new constituencies. But, considering the history and, may I say, the great men who have represented these ridings—and I would exclude myself from that reference—surely to lose the names of Queens, Prince and Kings would be somewhat tragic not only to the people of P.E.I. but to Canadians generally.

If we must institute new names I suggest we consider maintaining the three we have at present, and adding an additional fourth in line with the same sense as these names, such as Royalty, or something like that. But if we are to abandon the traditional names, could we not have names significantly related to the history of P.E.I.? Obviously there are significant events and people connected with P.E.I. Why should they not be enshrined in the names of these new constituencies, as has been done at other times and in other places?

Then there is the matter of redistribution itself. We are told that according to the B.N.A. Act every ten years, after the census is taken, there should be an examination and a redistribution. We are now approaching very close to 1967. We are well over half way through from the time of the last census. In the light of the fact that things are changing so rapidly in this country one wonders whether we have achieved what we wanted to achieve by this particular redistribution, and why in effect in many cases if there was to be a wholesale abandonment of present constituencies of long standing, it might not have been done after much consultation and after an examination of other factors that come into play.

I quote from R. MacGregor Dawson, one of the great political scientists of our country, who many years ago wrote the following:

> Two important principles have been generally accepted in Canada as justifying a departure from the general rule of the approximate equality of the constituencies. First, municipal and county boundaries should be followed when at all possible. It is considered far wiser to over or under-represent an area than to dismember districts which have established traditions, long history, and strong local pride and character.

All of this suggests to me that there are other factors that are more important to people than mere numbers. There is the sense of a representative really being theirs, in order that they may have a dialogue that goes on not only between themselves and their member of parliament but with each other. If this is to happen, a constituency must be some kind of homogeneous unit, and I fail to find much homogeneity in the new constituencies outlined to us.

I would hope, Mr. Speaker, we will be flexible enough to realize that while there may be certain problems for the chief returning officer of the country with regard to dual ridings, surely in a case as unique as P.E.I.—and I think it is unique alone in the fact that we have only four representatives, apart from everything else—we should have the courage

and adventurous spirit to be able to develop in these circumstances which make it necessary—yes, important and valid— a method to continue the concept of the dual riding. This in many ways has contributed in no small measure to the uniqueness and the value of the representation of the province in parliament.

These are my comments with regard to the matter of redistribution, and I would hope they and other comments, which I am sure have been submitted by the people of P.E.I., will be taken into account by the commission when it makes its final analysis of the problem of redistribution in P.E.I.

Mr. Heath Macquarrie (Queens): Mr. Speaker, I do not intend to present arguments along the lines of those presented by my two colleagues, not that I have less interest than they but that I have great confidence in and complete support for the arguments they have advanced. They are cogent, intelligent, reasonable and appropriately applied to the question. I therefore support them wholeheartedly. We have discussed this matter on more than one occasion. I am happy they have spoken so well, and I hope the commission will afford the proper attention which such good arguments deserve.

• (5:40 p.m.)

The Acting Speaker (Mr. Rinfret): Order. This terminates the consideration of Objection No. 5 in respect of Prince Edward Island province. The house having considered the objection, it will be my duty, pursuant to section 20 of the Electoral Boundaries Readjustment Act, to refer the report to the Boundaries Commission with a copy of objection, and also a copy of the debates of the house, for reconsideration thereof.

We now shall proceed with the considerations and objections concerning the province of Nova Scotia, Objection No. 15 found on page 26 of the pamphlet. On February 16 last a notice of objection in the form of a motion was filed with Mr. Speaker in the following terms:

Proposed Electoral Districts of Halifax, Halifax-East Hants and Dartmouth-Halifax East:

That, pursuant to section 20 of the Electoral Boundaries Readjustment Act (chapter 31, Statutes of Canada 1964-65), consideration be given by this house to the matter of an objection to the provisions of the report of the Electoral Boundaries Commission for the province of Nova Scotia, laid before this house by Mr. Speaker on Wednesday, January 19, 1966, on the grounds set forth hereafter:

Objections to the new boundaries of the constituencies of Halifax, Halifax-East Hants and Dartmouth-Halifax East.

The petition is filed in order that the boundary lines of the three constituencies may conform more to recognized municipal divisions in the area concerned, for the following reasons:

(a) that Dartmouth-Halifax East be extended to the Guysborough County line because the residents of Halifax East, now left outside, by custom, tradition, economic and business interests, and transportation are part of the physical and demographic entity proposed to be established in Darmouth-Halifax East.

(b) that the boundary in the city of Halifax between Halifax and Halifax-East Hants follow the boundaries of the present ward 7 to prevent political confusion.

(c) that if change (a) is agreed upon, that the area west of Bedford Basin proposed to be included in Dartmouth Halifax-East be placed in Halifax-East Hants because by custom, tradition, economic and business interests and transportation, that area is part of the physical and demographic entity proposed to be established in Halifax-East Hants.

(d) that the boundaries of Halifax-East Hants run to the western boundary of Halifax County because the inhabitants along the eastern shore of St. Margaret's Bay have stronger commercial, political and business ties with the area immediately east than the area to their west.

(e) that Halifax-East Hants be named Uniacke for historical reasons, and to prevent confusion with the name of the riding of Halifax.

Mr. J. M. Forrestall (Halifax): First of all, Mr. Speaker, before I proceed with my few remarks which I should like to make about the six changes which we in Halifax at least feel should be pursued with, perhaps I should read these into the record:

(a) that Dartmouth-Halifax East be extended to the Guysborough County line because the residents of Halifax East, now left outside, by custom, tradition, economic and business interests, and transportation are part of the physical and demographic entity proposed to be established in Dartmouth-Halifax East.

(b) that the boundary in the city of Halifax between Halifax and Halifax-East Hants follow the boundaries of the present Ward 7 to prevent political confusion.

(c) that if change (a) is agreed upon, that the area West of Bedford Basin—

Known as Bedford.

—proposed to be included in Dartmouth Halifax-East be placed in Halifax-East Hants because by custom, tradition, economic and business interests and transportation, that area is part of the physical and demographic entity proposed to be established in Halifax-East Hants.

(d) That the boundaries of Halifax-East Hants run to the Western boundary of Halifax County because the inhabitants along the Eastern shore of St. Margaret's Bay have stronger commercial political and business ties with the area immediately East than the area to their West.

(e) That Halifax-East Hants be named Uniacke for historical reasons—

Which I will touch on in a moment.

—and to prevent confusion with the name of the riding of Halifax.

Mr. Speaker, I should like to pay some tribute to Mr. Justice Pottier and his commission, including Mr. Muggah, Mr. Grant, and their secretary Mr. Donald D. Anderson. Their job was a very difficult one I know, because I have been through much of the work they have done, for other purposes and on other occasions. During the course of the hearings in Halifax there were 11 presentations to the commission made up substantially of the political interests as they now exist. These representations were in some general accord. There were no sharp divisions of opinion and they centered around largely, as has been pointed out here earlier this afternoon, the necessity of maintaining identity and common purpose. When you are taken away and removed from those areas whose traditional motivation is in one direction, it is a little difficult to remove them, as in the case of Bedford Basin, from the natural Halifax orientation to the Dartmouth orientation. There is no logical or geographical reason, nor has there been any historic reason.

Mr. Speaker, the time is getting on today and I know that my colleague from Halifax (Mr. McCleave) will deal in depth with many of these points I have raised. In the few remaining moments left I wish to deal with the suggestion that the Halifax-East Hants riding as proposed by the commission be renamed and that it be renamed in honour of a great Nova Scotian, one of the untiring champions of constitutional rights in the province of Nova Scotia and perhaps truly one of the fathers of responsible government in Canada. I refer to that famous attorney general of the province, Mr. Uniacke.

Mr. Uniacke's whole history, his whole life in Nova Scotia, was one of merit and reward, both to himself personally and to the people with whom he worked and lived in his time, as well as the people who have followed in that great province since then. Mr. Uniacke was an Irishman born in Cork in 1753. He came to Canada in 1774, was admitted to the Nova Scotia bar on April 3, 1781, and in 1782 was appointed solicitor general of that province. In 1783 there ensued a period of 25 years of devotion and service as a member of the house of assembly. Mr. Uniacke was first elected to represent the township of Sackville. While that is not immediately in the riding, the latter years of his life were spent in the heart of what, if the changes are to go through, will be known as Halifax-East Hants.

Not only because of his 25 years of service as a member of the legislative assembly, but also because of the many other warm human traits that he brought to light in our province in those years, the dying years of the 1700's, we wish to give him recognition in this manner. He spent the last 15 years of his life at Uniacke House, and the area subsequently has been named Mount Uniacke. We find historical reference to him in many ways and in many centres within the new riding and within the adjoining area of the city of Halifax.

If the commission could consider the changing of the name from Halifax-East Hants to that of Uniacke, I am sure they would encourage the good will of the many thousands of residents in the suburban areas surrounding Halifax and through the area of Hants East.

• (5:50 p.m.)

Mr. Speaker, I have one other brief thought I should like to put forth this afternoon regarding this question of redistribution of the boundaries in Halifax, and it involves in a very minor way the absolute numbers or quotas that would be affected by two of the changes that have been mentioned, particularly with regard to Halifax-East Hants.

In reference to the change of the Dartmouth riding from the area known as Bedford, back to the western riding, which I hope will come to be known very favourably as "Uniacke", in all a total of 2,100 voters will be involved. This falls well within the allowable percentage of deviation above or below the quota and should impose no difficulty from that point of view.

On the other side of the ledger, the removal of this number of people from the Dartmouth riding will in no way impair it. In fact, the growth on the Dartmouth side of the harbour is such that the removal of 2,100 votes will not make much difference, because during the five year period since these figures were accumulated I am sure the growth has been such as to bring it within the allowable limits.

Out in the extreme western end of this new riding to the Hubbards and St. Margarets bay area, along the shore line of St. Margarets bay to Peggy's Cove, we find people whose natural orientation and business pursuits are best accommodated in Halifax. As I say, their natural orientation is in this direction, and it would be useful to these people and the maintenance of order in the new constituency

if the boundary could be left as it now exists in the present dual constituency.

I should like to make one final point before I conclude my remarks. Like the dual constituency in Prince Edward Island, Halifax has enjoyed representation by two members, elected by the people of Halifax, since the time of confederation. As evidence of the good representation of that city, one can point to the fact that not less than three prime ministers of this country at some point in their lives pursued their careers in that city, sought election there or served in the house of assembly. I would be remiss, as the last new member from that constituency, if I did not pay tribute not only to those men who rose to heights in the parliament of Canada but to the many who came and gave of their time and devotion, serving to the best of their ability. When the constituency disappears we will have seen the last of the constituency in which responsible government in Canada was born, fostered and nurtured.

Viewpoints raised by myself and my colleague are considered to represent the tripartison views of the existing political interests in Halifax. There is no major conflict involved. Indeed they are shared by municipal, provincial, business and social interests. To cross over these lines and disarrange them to the extent proposed, I suggest will create some undue difficulty in federal, provincial and municipal efforts and interest, and it is not our intention to swerve from that difficulty at this time.

Mr. Robert McCleave (Halifax): Mr. Speaker, since it is very close to six o'clock I wonder whether we could call it six o'clock. I can assure the house that within a very few minutes after the commencement of the debate tomorrow afternoon yet another province will be out of the way, because I am sure I can complete my remarks in approximately seven minutes.

Mr. Stewart: Mr. Speaker, may I suggest that any member who wishes to speak to the objections raised in respect of the changes in Nova Scotia be allowed to speak at this time so that we can complete that part of our job this afternoon? I am sure this would take only about 12 or 15 minutes.

Mr. Starr: Mr. Speaker, I think that is a very good suggestion. Perhaps you will not see the clock until we have completed this province.

Some hon. Members: Agreed.

Mr. McCleave: I promise I will keep my eye on the clock and take not more than seven or eight minutes to complete my remarks.

My colleague has covered much of the ground in his remarks that we compiled for presentation to the commission, and I shall not deal with those areas again. I should like to point out, however, that there was agreement among the political parties regarding the general presentation to the commission when it met in Nova Scotia.

The new boundaries that we propose conform to the municipal lines in the province of Nova Scotia. These are lines which have been in effect for generations and which, of course, determine the set-up of the political organizations. I am advised by the parliamentary secretary to the Minister of Public Works (Mr. Stewart) our colleague from the adjoining riding of Antigonish-Guysborough, that he would have joined us had we asked the commission to take another look at the suggested redistribution of Nova Scotia as it affected the whole province. Unfortunately our efforts were confined to the one county of Halifax, which in the future will have three members and include part of a fourth and fifth riding.

This is perhaps understandable when one realizes that the population served, as of the last census, was 225,723. Halifax, even though a dual riding, is one of the largest in the country. To elaborate on the figures given by my colleague, if the changes were made as have been suggested, creating the Halifax-East Hants riding by adding part of the east shore of St. Margaret's bay and Bedford, the member would represent a population of approximately 77,866, which is within the permissive limitation of 67,000 plus the variation. The riding of Dartmouth-Halifax East, adding the eastern end of Halifax county, would then have a population of 74,950. It should be pointed out that Dartmouth is a growth area so the number would be larger than that. However, we are bound by the figures of the last census.

What effect would these changes have on the adjoining seats from which the proposed areas would be taken? Again we must check the figure for Central Nova and the south shore. We would find that these are still within the acceptable population limits.

The argument has been advanced by my colleague, with the regard to the suggested

change, that the area near the head of St. Margaret's bay should not become part of the south shore area but should remain in the proposed Uniacke riding.

• (6:00 p.m.)

I should like to deal with two other points. First, with regard to the city of Halifax, we suggest to the commission that it do one of two things. The northwest corner of Halifax is taken out to go into the riding immediately west. We suggest that to avoid political confusion the commission follow the ward 7 boundaries in the northwest section of the city. The boundaries determined by the commission have no relation to the ancient ward system of Halifax. Alternatively, if it will not consider making the change to satisfy municipal lines, we suggest that it make the change to satisfy the new provincial lines set up since the commission sat and since we presented our petition. This would be to take out and put in the western riding that area bounded by Windsor street North and Chebucto, and the Dutch Village road.

There is a population of about 2,000 at the eastern end of Halifax county which we suggest remain in the Dartmouth-Halifax East riding, rather than go into Central Nova. Our submission is that this area is not a viable unit attached to Pictou county and part of Colchester county. There is a cross-country road between these areas but it is a small one; the major roads in the area run along the coastline. The area has its economic interest identified with Halifax and Dartmouth and its political roots—and politics, of course, are important to Nova Scotians—are tied in with the area immediately to its west.

For these reasons, Mr. Speaker, I would hope the commission would pay some heed to the wishes of the inhabitants of that area and would take a look at the various points we have presented. We have presented them in a non-partisan way, trying to make units as compact and as nearly identifiable with existing units as possible. With those remarks, Mr. Speaker, and with our fingers crossed, we send these speeches to the commission through Your Honour. I would point out that I was right on the dot of seven minutes.

Mr. Deputy Speaker: Does this complete the consideration of Objection No. 15?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The house having considered this objection, it will be the duty of Mr. Speaker, pursuant to section 20 of the Electoral Boundaries Readjustment Act, to refer the report of the Boundaries Commission, together with a copy of the objection and also a copy of the debates of the house, back to the commission for reconsideration thereof.

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I would seek the permission of the house to revert to routine proceedings for a moment.

Mr. Deputy Speaker: Does the house give unanimous consent to revert to routine proceedings?

Some hon. Members: Agreed.

BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS

Third report of the standing committee on broadcasting, films and assistance to the arts —Mr. Basford.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, before we adjourn I would point out that it was arranged that the individual representations from Quebec, Prince Edward Island, Nova Scotia and New Brunswick would be considered today. I would assume that since all these representations have been considered except those in connection with New Brunswick, representations in respect of New Brunswick will be heard first tomorrow, in addition to any others that the house leaders might decide upon at their meeting tomorrow morning.

Mr. Stewart: I understand that is acceptable to the government house leader, Mr. Speaker.

Mr. Knowles: Agreed.

It being at seven minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

END OF VOLUME IV